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NEWS SUMMARY

GENERAL

Setback for fish industry hopes

'itish Fishing Federation 'pes of tighter conservation easures received a setback sterday when Agriculture inister Mr. John Silkin said at the Government was only nsidering imposing a "one t rule" to prevent illegally gh catches. The federation d hoped for a definite plan r the rule.

Two other expected measures ere included in Mr. Silkin's ckage, announced in a Parliaentary written reply.

These were a herring fishing n off Scotland's west coast and e extension of the eastern undary of the Norway pout x—an area of Scotland's east ast within which industrial hing is prohibited. Back Page, litorial Comment, Page 18

Braden raided

elevision and radio personality ernard Braden was knocked iconscious and his wife, actress arbara Kelly, tied up, when ree gunmen raided their ampstead, London, flat and ole jewellery, a colour telesion and £6,000 cash.

Owen's boycott

oreign Secretary Dr. David wen has refused to appear efore the Lords select committe dealing with legislation to ounteract the Arab boycott. As result, there will be no itnesses at today's examination f the Foreign Boycotts Bill. ack Page

Gun attack

ormer leader of the Basque eparatist group ETA Juan Jose tchave Orogengoa, 40, was itically injured and his wife illed in a machine gun attack ı their car in St. Jean de Luz, rance. Page 3

Rally hall blast

bomb thrown into an empty all rented for a pro-Palestinian illy in Paris caused heavy image. A group called "Talion aw" claimed responsibility and id the attack was in retaliation or a bomb attack on a Jerusalem arket last week.

Nurse strangled

ondon nurse Guyanan ımminatra Shiwram, 21, whose aked body was found in an ssex hospital drain on Sunday, as strangled, a post mortem has evealed. A man was last night elping police with their iquiries.

Bhutto daughter

he daughter of Pakistan's condemned ex-Premier Zulfikar Ali hutto was heckled as a murderer's daughter" and ooed when she went shopping in arachi. Miss Bhutto, 24, was ecently freed from house arrest.

Firemen accused

uthorities in Memphis, ennessee, accused striking fireen of trying to burn down the ty. Three hundred fires have een reported in the last two days nd two firemen have been rrested on arson charges.

Surprise visit

rincess Caroline of Monaco and er French husband Philippe unot arrived on Papeete, Tahiti or their honeymoon, taking ocal residents by surprise. There as a news blackout on their oneymoon plans after their edding last week.

Briefly . . .

ear trained for wrestling with umans mauled its trainer's girlriend to death in Toronto.

eft-wing guerillas in Turin lanted three firebombs in a overnment building but the ombs did not go off.

ight suspected Breton nationlists were held in Paris on harges relating to last week's omb attack on the palace of ersailles.

ustrian and foreign lorries locked the Brenner autobahn nto Italy in protest at a new ustrian tax on hauliers.

BUSINESS

Equities fall 2.7; £ rises 75 points

● EQUITIES drifted lower on doubts over the economy and the next pay phase. FT 30-Share Index fell 2.7 to 458.1. Official markings, at 3,817, dipped below the 4,000 mark for the first time since December 29. Gold Mines Index was 0.5 off at 158.4.

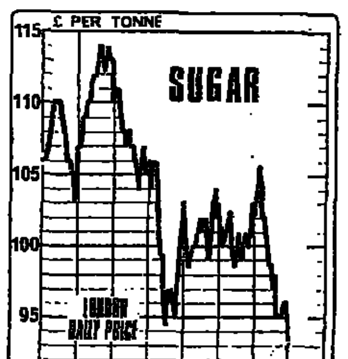
● GILTS consolidated recovery in longs, with shorts less certain. Government Securities Index was 0.02 down at 69.50.

● GOLD rose $\$\frac{1}{2}$ to $\$183\frac{7}{8}$.

● STERLING rose 75 points to \$1.8675. Trade weighted index was unchanged at 61.5. Dollar's weighted depreciation was 7.5 (7.2) per cent. JAPANESE yen reached a new high of Y202 to the dollar before closing at Y202.30 (Y203.55).

● WALL STREET closed 6.06 down at 812.89.

● WORLD SUGAR values fell to new life-of-contract lows on the London and New York terminal markets. London daily



price for raw sugar was cut by £1 to £93 a tonne, its lowest level since November. On the futures market, the October position lost over £1.70 to nearly £94.60 a tonne. Page 37

● RETAIL TRADE final index for May has been revised downwards from 109 to 108.4 (1970=100 seasonally adjusted), but is still well above previous levels. Hire purchase sales show a sustained rise. Page 9

● MANY larger airlines remain uncertain about the immediate future of IATA and its fares-fixing policy after the Montreal meeting at which they voted by a two-thirds majority for changes in the association's activities. Back Page

Chrysler car assembly halted

● ALL CHRYSLER UK car assembly was halted by industrial disputes. At Ryton, Coventry, the company laid off 1,400 workers. More are expected to be made idle to-day. Page 11

● LEADERS OF 183,000 industrial civil servants, one of the biggest groups still to settle under Phase Three, again rejected a ten per cent pay offer. Page 11

● REKSTEN, the shipping company at the centre of a tussle between Hambros Bank and the Norwegian authorities, has confirmed that without continuing support, it will be unable to meet the interest on its borrowings, let alone repay the capital, until well into the 1980s. Back Page

● BANK OF ITALY is repaying ahead of schedule the remaining \$1bn of a \$2bn bilateral gold-backed West German Bundesbank facility granted in 1974. Back Page

COMPANIES

● DISPUTE has broken out at Rediffusion, hte quoted TV rental group, over the directors' plan to appoint new auditors. Back Page

● GRANADA GROUP'S pre-tax profit rose to £16.2m (£11.6m) on turnover of £127.7m (£108.7m) for the 28 weeks to April 15. Page 28

● ASSOCIATED NEWSPAPERS pre-tax profits rose to £15.5m (£12m) fo rthe year ended March 31. Page 30

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Comet Radiovision	132	+ 6
Courts (Frnshrs.) A	111	+ 5
Eucalyptus Pulp	70	+ 5
Ferranti	470	+ 40
Henderson-Kenton	90	+ 8
MK Land	190	+ 13
Jardine Secs.	145$\frac{1}{2}$	+ 5$\frac{1}{2}$
Marshalls (Halifax)	101	+ 4
Spooner Inds.	86	+ 5
Staveley Inds.	273	+ 5
Stewart Plastics	146	+ 6
Wace Group	58	+ 6
Websters Publications	50	+ 6
Central Pacific	600	+ 70
Conzinc Riotinto	236	+ 6
EZ Industries	235	+ 15
Pancontinental	£131	+ $\frac{3}{4}$
Peko-Wallsend	518	+ 26
Southern Pacific	220	+ 25

FALLS

Hambros	163	− 5
Johnson-Rchrds. Tiles	94	− 5
Sime Darby	101	− 4
Guthrie	312	− 6
De Beers Dfd.	391	− 5
Tara Exploration	900	− 175

Economic package at Bonn summit still in balance

BY JONATHAN CARR: BONN, July 3

The emergence of a package deal at the Western economic summit in Bonn this month remains very much in the balance despite West Germany's continued readiness in principle to promise steps to speed its economic growth.

Government officials make clear that a contribution from Bonn still depends on action by its partners, not least the U.S., on energy-saving, and from EEC States on trade protectionism.

It is hoped that the EEC Summit in Bremen on Thursday and Friday will bring sufficient progress on protectionism to make for a success in Bonn ten days later.

It is felt likely that President Jimmy Carter of the U.S. will not come here for the Summit "with empty hands" on the energy issue. But neither is certain.

The officials are clearly anxious to counter the impression, raised by intense public discussion here in the last week or two, that large West German tax cuts are virtually a foregone conclusion.

The Liberal Free Democrat Party has been stressing this issue in the wake of provincial electoral setbacks. Their coalition partners, the Social Democrats, are more reticent on both size and timing of cuts.

Chancellor Helmut Schmidt has all along been against short-term measures. He feels that a tax reform at the start of next year is almost impossible to arrange, and would have preferred to do nothing domestically at this stage had it not been for the Summit "package."

He still hopes for progress in Bremen on his plan for a wider zone of currency stability in Europe, but the British attitude remains in doubt.

Criticism in West Germany of his plan has been relatively muted, partly because few are aware of just what is involved. The Chancellor has kept this card close to his chest, not least to avoid a premature public debate on the issue.

However, many German banks are at best lukewarm to what they know of the scheme, warning of increased problems for control of national money supply.

Editorial Comment, Page 18
Jenkins' speech, Page 37

● Christopher Parks writes: Mr. Roy Jenkins, President of the EEC Commission, expects the Bremen Summit to be "a significant advance" toward economic and monetary union.

"I think the seed is set," he told farmers at the opening of the Royal Show at Stoneleigh, Warwickshire. "I believe the harvest will be abundant."

"I have detected a greater will to advance in this field among pretty well all the Heads of Government, including the strongest, than I have known for a long time," he told a Press conference after the formal opening of the show.

Mr. Jenkins said that when he re-launched the drive toward economic and monetary union in Florence last October, he did not expect to have made such rapid progress.

But officials close to him were anxious about the British attitude to closer currency links with the Common Market.

Without some support from Mr. James Callaghan, whose freedom is limited by the proximity of an election campaign and the fear of causing rifts in his own ranks, the new-found initiative may fade through lack of momentum.

Spillers' £68m loan deal subject to strict controls

BY ANDREW TAYLOR

STRICT financial controls have been imposed on Spillers by a consortium of banks in return for a £68m short term loan facility following the group's decision to end its bread making operations after six years of heavy losses.

The group has agreed to consult its bankers on future dividend payments and capital expenditure. The deal also restricts Spillers from raising further finance and from making new acquisitions. In addition the group must consult the banks before selling any of its other businesses.

The terms of the facility—which the group plans to renegotiate by September 30, 1978—were announced in a document sent to Spillers' shareholders yesterday. This revealed the details of the group's recent moves to free itself of the bread-making operations.

An earlier draft of the facility agreement—dated a fortnight ago—had demanded that the group make no dividend payments above a level permitted by the banks and called for a "programme of realisations" to allow repayment of the facility.

Mr. Michael Vernon, Spillers' chairman and chief executive, said yesterday that the facility was to ensure that the group had sufficient cash resources to meet bakery closure costs.

The group has closed 23 of its 36 bakeries—selling the other 13 for £15$\frac{1}{2}$m to Ranks Hovis McDougall and Associated British Foods—at a net cost of £29.3m of which Spillers' share after deductions for minority interests, is £22.1m. Almost 8,000 workers have been made redundant in the process.

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Results, Page 29
Lex, Back Page

The strict conditions attached to the loan facility reflect the deep troubles the group faced when it first proposed its closures package—not least the possibility of a serious trade union reaction.

The group first reached agreement with its bankers on April 7 this year but the terms attached to the facility, although still strict, have been softened by subsequent negotiations. The group is now hoping for a further renegotiation of the package, including short and medium term facilities, by the end of September.

The current facility is due to expire on April 30, 1979.

The document sent to shareholders yesterday reveals current bank borrowings of £58m, but the group said that it had already met its closure costs in full and had total borrowing facilities well in excess of the recently negotiated £68m.

In the past six years losses from Spillers' bread-making operations have totalled £28m. But its problems intensified over the past 18 months, with losses last year of £9.7m and a £3$\frac{1}{4}$m loss in the first quarter of the current year.

Mr. Vernon said that the High Street price war, prompted last year by Tesco's Checkout campaign, and Government intervention on bread prices and discounts had not helped the situation—particularly at a time of over-capacity in the industry and when bread sales were falling.

Alfred Herbert to sack 700

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

ALFRED HERBERT, the State-owned machine-tool company, is to make a further 700 workers redundant, most of them at Coventry. The company last night blamed lack of orders and the need to move from traditional to more sophisticated technologically-advanced products.

Rationalisation of Herbert's activities has been expected for some time, but the size of cut caused some surprie in the industry.

The main casualty is the Edgwick plant, Coventry, long a problem area for Herbert, where the 1,500 work force will be cut to 900. Nearly 500 jobs have gone at the plant in eight months in a programme of voluntary redundancies and natural wastage.

The latest dismissals will make employment at Herbert worldwide about 5,000, against 11,000 in the early 1970s.

Herbert is the most notable victim of weak demand for machine-tools. Much of the industry works at about 75 per cent capacity. Though there are some signs of a limited upturn in demand, orders remain at a low level.

Export markets are particularly difficult because of the prolonged international recession and emergence of new competition from third-world countries such as India and Taiwan.

Herbert is suffering from the decision to build for stock throughout 1977 in anticipation of an increase in demand which never came.

The company fully used a £5m credit facility from the National Enterprise Board to stockpile machinery. Executives have achieved some success in reducing stocks in recent weeks by offering the more common types of machine tools cheaper.

Edgwick produces a range of turning machines from simple lathes to numerically-controlled equipment. Marketing studies suggest demand for existing products is unlikely to improve for at least two years.

Mr. Walter Lees, the managing director, said last night that the aim at Edgwick was to phase out production of the more commonplace machine-tools and introduce technologically-advanced ones.

Herbert was rescued by the Government from collapse in 1975 by a £25m injection of equity to replace fixed-interest debt and losses. Last year the company had a pre-tax loss of £236,000, compared with £685,000 profit the previous year.

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FEATURES

For latest Share Index 'phone 01-246 8026

Bid for Labour-TUC pact on pay

By Alan Pike, Labour Correspondent

ACCEPTANCE OF the need for a continuing "broad understanding" on pay each year between the Government and trade union movement is contained in a new draft policy statement considered by the TUC-Labour Party liaison committee yesterday.

It rejects the notion of new institutions such as parliamentary select committees or national Boards to determine pay questions but acknowledges that there "must be each year a thorough discussion with the trade union movement so that there is broad understanding in this as in the other areas of our national economic life."

The Confederation of British Industry has been suggesting some form of select-committee mechanism to look at pay and will be discussing that again with Mr. Denis Healey, the Chancellor, tonight.

The liaison committee document, Into the 80s: An Agreement, is the latest expression of the committee's priorities and aspirations on a wide range of economic, industrial and social issues. A final draft will be considered by the committee on July 24, but it will be a much amended version after many detailed objections at yesterday's meeting.

It will then go to meetings of the TUC General Council and the Labour Party National Executive Committee two days later, and will form a central part of any TUC report to Congress on negotiating priorities in the coming wage round.

There was apparently little direct discussion on the future of pay policy at yesterday's meeting.

The draft document, however, recognises that pay policy has always been one of the most difficult fields of economic life. It emphasises the importance of balancing the different needs of the public and private sectors and ensuring that there is no discrimination against either.

There must, it argues, be some strategic objectives about low incomes and the need to provide adequate rewards for skill, effort and responsibility. But overseas comparisons of pay for top managers could not be taken without applying the same principle to other levels of employment, and that was not possible at a time when gross national product a head was lower in Britain than in many overseas countries.

Gormley attacks Tory report on Mines, Back Page

£ in New York

—	July 3	Previous
Spot	\$1.8668-8675	\$1.8520-8540
1 month	0.48-0.44 dis	0.50-0.44 dis
3 months	1.35-1.31 dis	1.37-1.31 dis
12 months	5.15-5.05 dis	5.20-5.00 dis

Sadat agrees to new talks with Israel

BY ROGER MATTHEWS ALEXANDRIA, July 3.

PRESIDENT ANWAR SADAT of Egypt announced his agreement to a resumption of direct negotiations with Israel following a 90-minute talk here with Vice-President Walter Mondale of the U.S.

At a Press conference here following their discussions President Sadat said that he was willing in principle to send Mr. Mohammed Ibrahim Kamel, the Egyptian Foreign Minister, for talks in London later this month with Mr. Moshe Dayan, the Israel Foreign Minister. Israel has yet to commit itself.

Mr. Sadat, who handed to the U.S. delegation Egypt's latest proposals stressed that from what he had heard from Mr. Mondale there was "no sign of movement" in Israel's attitudes. Nevertheless, he was accepting the invitation to the talks because it had been issued personally by President Carter.

Mr. Mondale expressed confidence that Mr. Menahem Begin, the Israeli Prime Minister, would be prepared to send Mr. Dayan for a meeting in London with Mr. Kamel. Egypt's proposals were sent immediately to Jerusalem this afternoon after the 90-minute meeting between Mr. Sadat and the U.S. Vice-President.

However, even if they have been modified, the Egyptian proposals transmitted to Israel are believed to be based substantially on the formula adhered to hitherto. This demands that the occupied West Bank should be returned to Jordan and the Gaza Strip to Egypt in return for full security guarantees for Israel pending negotiation of a comprehensive settlement.

The Israel Government has consistently rejected such a formula out of hand but, as a result of U.S. pressure, is believed to have agreed to study the Egyptian proposals. Before Mr. Mondale's departure from Jerusalem earlier today, Mr. Begin said that he would be willing to let Mr. Dayan meet Mr. Kamel in London provided Egypt's proposals were not "outrageous."

Austrian trip

During the two hours of talks with Mr. Mondale the Egyptian leader suggested that the venue for the Foreign Ministers' meeting should be El Arish, the main town of Sinai. But eventually he agreed to London instead. No precise date for the talks has yet been set but the get-together is apparently envisaged for the middle of July.

Mr. Sadat also revealed that he would be travelling to Austria this week-end and refused to rule out the possibility that he would meet prominent Israeli leaders. It is believed here that he has in mind Mr. Shimon Peres, leader of the Labour Opposition.

Among those Mr. Sadat will definitely meet are Dr. Bruno Kreisky the Austrian Chancellor, and Herr Willy Brandt, former West German Chancellor who now heads the Socialist International. The Egyptian leader virtually ruled out the possibility of a meeting with Mr. Carter who arrives in Bonn, on July 15 for the Western economic summit.

He also refused to speculate on possible Israeli reaction to the new Egyptian peace proposal. "Let us wait and see, but I think we have done our very best to promote the peace process."

A substantial part of today's talks with Mr. Mondale were said by President Sadat to have centred on the possibility of achieving a just solution to the Palestinian issue. "The visit to Mr. Mondale will give the peace process a new momentum. I am always optimistic," President Sadat said.

Last effort

There was rather less optimism however away from the Press conference. The feeling is growing among Egyptian officials that unless the Israeli Government can produce some new flexibility in the next fortnight, the peace initiative launched by President Sadat last November will finally grind to a halt.

"This is effectively the very last effort and it will be extremely difficult for us to return to the conference table if the London talks are seen to fail," said one diplomat.

The key element in the present spate of activity is undoubtedly the U.S., a point which Mr. Sadat made very clear today. "I shall never fail the confidence of the American people who have been very generous and gallant in their support," he said.

Mr. Mondale, referring to the London talks as a "very significant development," said that he was very grateful to Mr. Sadat for being willing to take this step.

Certainly for Mr. Sadat it was a brave decision as in two recent speeches he has emphasised that he would not undertake any further bilateral contacts with Israel until there was a positive sign of a change in attitude.

Now, while admitting that he saw no sign of increased Israeli flexibility, he has nonetheless agreed to resume direct talks.

Our Foreign Staff writes: Arrangements for a meeting between the Egyptian and Israeli Foreign Ministers will be the responsibility of the U.S. Government. American diplomats in London said that they had not yet been informed when it was proposed for the talks to start

Mondale in Israel, Page 4

EUROPEAN NEWS

German industry chief to stay despite court ruling

BY JONATHAN CARR

BONN, July 3.

DR. NIKOLAUS FASOLT, president of the Federation of German Industry, has rejected any suggestion that he should resign after a decision by a Bonn court to fine him for tax evasion.

In an interview published today, Dr. Fasolt said it was far from proved that he had unlawfully avoided tax and noted that he had appealed against the courts' decision. The case has arisen at an embarrassing time for the federation and for those enterprises and political parties which urge tax cuts to help improve company investment.

Dr. Fasolt is a Bonn industrialist who took over the leadership of the federation in March in succession to Dr. Hanns-Martin Schleyer, who was murdered by terrorists last year. Late last month he was fined DM 58,500 on grounds that between 1971 and 1975 he claimed tax relief on sums which, the authorities have now decided, did not qualify for it.

The sums were to pay for advisory reports, described by a Bonn court spokesman as worthless, ordered by Dr. Fasolt from a consulting company in Lichtenstein. Most of the money went to support the activities of the Christian Democratic Union, the main West German opposition party.

In his interview, Dr. Fasolt said he felt he had done no wrong and stressed that the support of political parties was absolutley legitimate and sensible. He noted that all parties, not only the CDU, obtained some of their funds by similar means. Dr. Fasolt here underlined a problem which has been widely discussed and which has recently brought a joint parliamentary initiative to reform party financing.

So far an individual can directly set against his tax only a maximum of DM 600 a year as a payment to support a political party. Many indirect means of gaining relief for bigher sums have, therefore, been conceived and the legality of some is questionable. Tax authorities say they are investigating more than 100 enterprises in connection with such devices.

Under the planned reform, a much higher direct payment to a party would qualify for tax relief. It is also proposed that there be an amnesty for those being followed up for apparent tax misdeeds in connection with party financing.

It is not clear when this reform will emerge. Meanwhile revelations about tax and party financing make an unfortunate background to the pleas of enterprises that their heavy tax burden curtails their investment possibilities. These pleas have long been supported by the CDU and have recently received increased support from the Free Democrats, the junior partner in the coalition Government.

Hungary in visa pact with Austria

By Our Own Correspondent

VIENNA, July 3.

HUNGARIAN FOREIGN minister Frigyes Puja arrived here today to sign an agreement on the mutual abolition of visas, the first to be concluded between a Warsaw Pact state and a non-Communist direct neighbour. Though Hungarian citizens will continue to need an exit permit to leave Hungary, the agreement is seen here as an important step towards more freedom of movement between east and west.

According to Hungarian statistics, a quarter of a million Austrians visited Hungary last year while some 80,000 Hungarians travelled to Austria. Hungary recently abolished the requirement of an obligatory exchange of ten dollars per day by foreign tourists, a provision still in force in Romania and Czechoslovakia. Visas were abolished between Austria on the one hand and Romania and Bulgaria on the other some time ago but neither of these countries are Austria's neighbours. By contrast, neighbouring Czechoslovakia is still unwilling to drop the entry visa requirement.

Freedom of movement in both directions is one of the key provisions of the 1975 Helsinki Final Act on Security and Co-operation in Europe. Austrian government circles are impressed by the speed at which the visa agreement has been completed. The issue was raised officially in May, 1977, when the Austrian federal president visited Hungary. Since then Hungarian Prime Minister Jyorgy Lazad paid an informal visit to Austria last autumn and Austrian Chancellor Dr. Bruno Kreisky is going on a working visit to Hungary next September. The Minister's visit is being overshadowed by a conflict concerning a Sch 4.5bn (about £170m) credit line opened by Austria for financing infrastructure investments and the building of hotels and catering establishments in Hungary. The Austrian tourist industry protested against what it called subsidies for its Hungarian competitors, particularly against the plan for Austrian social insurance to organise and finance the stay of Austrian patients at Hungarian spas. The Austrian trade minister Dr. Josef Staribacher today refuted charges of subsidies for Hungary. It was simply an export credit for the domestic construction industry.

Journalists ask Moscow judge to dismiss charge

BY OUR OWN CORRESPONDENT

TWO U.S. journalists accused of slander today announced their withdrawal from further hearings of the proceedings against them and asked the judge to dismiss the charge.

Mr. Craig Whitney, of the New York Times, and Mr. Harold Piper, of the Baltimore Sun, told Mr. Lev Almazov, president of the Moscow City Court, that to continue in active litigation might eventually lead to a court demand that they reveal sources, which would violate their journalistic ethics.

The two men have been charged with slander in connection with articles each wrote last month quoting unnamed dissidents in Soviet Georgia as doubting the authenticity of a television confession of anti-Soviet propaganda by Mr. Zviad Gamsa Khurdia, a Georgian human rights activist.

Mr. Almazov, whose manner was described by Mr. Piper as cordial, postponed the hearing date to July 18, when he will have completed his vacation. But the reporters said after the closed session with the judge that they would not attend anyway.

Under Soviet civil law in cases of this kind, the judge must dismiss the case if the defendants do not appear at the hearing. The matter can proceed only if the plaintiff insists. A court-ordered retraction and possible fines of up to 300 roubles are the legal remedies.

Man in flames rushed at police

MOSCOW, July 3.

A CRIMEAN Tartar tipped petrol over himself and charged in flames at police who called at his home, near Simferopol, a member of a Moscow dissident group said today. She said the Tarar, Musa Makhmud, aged 46, was taken to hospital after the incident on June 23, but died five days later.

Details were telephoned to Western correspondents by Miss Tatyana Osipova, a member of the Helsinki monitoring group which has often drawn attention to the alleged plight of Tartars seeking to re-settle in the Crimea.

The Tartar population of the Crimea was deported to Central Asia in 1944 after being accused of collaborating with the Nazis. The Tartars were formally exonerated in 1967 but have not received the automatic right to re-settle in their traditional homeland.

Reuter

Swedish Left retreats on worker shares

By William Dullforce

STOCKHOLM, July 3.

SWEDEN'S Social Democrat Party has beaten a tactical retreat over the proposal to introduce employees' share-owning funds financed from company profits. The party executive decided on Friday to postpone a decision until the 1981 party conference.

Instead the Social Democrats—now in opposition to a non-Socialist government—will press for more worker directors on company boards and for the introduction of "structural funds" to finance industrial re-organisation.

The party executive's decision is being interpreted as intended to eliminate the controversial fund issue from next year's general election, at which the Social Democrats hope to regain the power they lost in 1976 after 44 years in government. Recent opinion polls indicated that a majority of Swedes were against the funds.

The Labour Union Federation (LO) launched the employee fund scheme, known as the Meidner proposal after its originator Rudolf Meidner, in 1975. It probably contributed to the Social Democrat defeat in the 1976 general election.

Mr. Gunnar Nilsson, the LO chairman, said on Friday that his federation had agreed to the postponement.

AUSTRIAN NUCLEAR PLEBISCITE

A calculated political gamble for Kreisky

BY PAUL LENDVAI IN VIENNA

Bruno Kreisky

FOR THE first time since World War Two, 5m Austrians are to take part on November 5 in a referendum, which will decide whether or not Austria's first nuclear plant at Zwentendorf, some 40 miles north of Vienna in Lower Austria, should go into operation. The plant has been completed but not commissioned.

The latest heated public controversy and the last-minute swing in favour of a plebiscite demonstrate that nuclear power has become an important political issue.

The Federal Chancellor and Socialist party leader, Dr. Bruno Kreisky, who happens to be in London, has taken a calculated risk both in his party and in the country at large, by publicly changing his mind about the issue of the plebiscite. As recently as last January, he repeatedly said that such an emotionally charged issue as nuclear power was not suited for a referendum. Yet a few weeks ago he came out in favour of the ballot-box followed, as usual, by his party and what is even more surprising, by the two opposition parties in Parliament.

To understand the political implications one has to look at the tortuous history of the Zwentendorf plant. The operating company was set up in February, 1970, by the Verbundgesellschaft, a joint venture of the state electricity corporation and seven regional utility companies. The decision to build a nuclear plant with 700 MW capacity was taken one year later. Construction began in 1972 and the plant should have gone into operation in the autumn of 1976.

In the meantime, however, the world-wide debate about the advantages and risks of nuclear power, as usual with considerable delay, has reached Austria. The original energy programme of the Socialist Government published in September 1976 provided for the construction of three nuclear power plants with an installed capacity of 3,300 MW by 1990. The controversy between the advocates of nuclear power and those who point to the hazards of the disposal of fuel waste, possible radiation leaks and pollution of the environment has not only held up the completion of the Zwentendorf plant, but also induced the government to shelve further nuclear power projects.

But what should be done with the German-designed Zwentendorf plant which has so far cost the taxpayers some Sch.8bn (about £280m)? The delay in putting the plant into operation costs another Sch.3m. to Sch.5m daily. After all the plant should produce 4.2bn kWh of power or one-sixth of the aggregate Austrian power consumption last year. Austria in 1977 imported 2.4bn kWh of electrical energy.

It was due to the conjunction of several unusual factors such as falling industrial demand in the wake of a recession, and the operation of all thermal and hydro-power plants at full capacity that the widening gap between rising domestic demand for energy and dwindling reserves has been bridged. But in the long-term the dwindling reserves of domestic crude, natural gas, coal and hydro-electric potential will lead to a growing dependence on imported fuel. By the 1980s, imports are expected to account for 80 per cent of the domestic demand, against 64 per cent at present.

While the latest opinion polls show that the majority of Austrian people favour nuclear energy the number of those who are against this form of power could threaten the Socialist party majority.

The growing strain on the balance of payments is another important consideration. Between 1970 and 1976 the fuel import bill jumped by 230 per cent and reached about 12 per cent of aggregate visible trade deficit. Regardless of the revised projections of the annual growth rate in energy consumption (down from 7 per cent to 5.7 per cent for 1978-83) most economic experts agree that nuclear power is vital for Austria. The representatives of industry and labour have spoken out in favour of bringing Zwentendorf on power as soon as possible.

Last, but not least, savings in fuel costs compared with a coal- or oil fired thermal plant are put at Sch 1bn per annum. On the assumption of a 20-year period of operation, based on current prices, the Government report on nuclear energy reckons on total savings of Sch 22bn compared with the provision of the same volume of energy from imported solid fuels. The report, incidentally, claims that Zwentendorf is one of the safest nuclear plants in the world.

Another rarely mentioned fact is that in the relative vicinity of the Austrian border (40 to 50 miles) in Czechoslovakia, five nuclear power plants with 17 reactors will be operational by 1990 and one at Jaslovske Bohunice, 36 miles of the Austro-Czech border has been in operation since the end of 1972. Nuclear plants are also going up in Hungary, northern Yugoslavia, and Switzerland. Nevertheless, Dr. Kreisky, who lived in Sweden for 12 years is haunted by the memory of the political earthquake which put an end to the premiership of his friend, Olaf Palme.

This is why the Socialists, despite their absolute majority in Parliament, are unwilling to take on alone the ultimate responsibility of nuclear power in general and Zwentendorf in particular. The latest opinion polls show that the majority of the Austrian people are in favour of nuclear energy but the opponents did amount to 16-19 per cent of those who gave an answer to the pollsters. Even allowing for the fact that only 6 per cent of the Socialist voters are among the firm opponents, against 29 per cent of People's Party supporters and 50 per cent of the voters of the small Freedom Party, the consequences could be fatal for the Socialist majority.

A swing of 1 or 2 percentage points would put an end to Dr. Kreisky's absolute majority. If one takes 15 per cent of the eligible electorate to be opponents of nuclear power, this would mean 750,000 voters. Even reducing the "hard core" of anti-atom groups to 5 to 6 per cent, this would still represent some 250,000 to 300,000 voters.

Under these circumstances Dr. Kreisky tried hard to reach an accord with the People's Party and to pass jointly the relevant legislation in Parliament. Needless to say, the People's Party sought to make difficulties for the Government and seized upon the lack of any clear provisions for final radioactive waste disposal as a reason to refuse a compromise. After hectic last-minute attempts to reach an agreement, the Socialists pushed through the law on Zwentendorf and all three parties agreed to hold a plebiscite.

With general elections due in October, 1979 at the latest, and a number of important regional polls taking place this autumn in Vienna and in Styria, the Socialists wanted to exclude the politically risky subject from the election campaign. According to the Austrian constitution, a referendum may take place only on a law already passed Parliament, so there was no ti to be lost in getting the thor issue out of the way.

Chancellor Kreisky was accu by the non-Socialist Press "irresponsibility." But Kreisky once again displa his tactical mastery. Fi be candidly admitted in a te vision discussion that he changed his opinion beca politicians had "the right, ev the obligation" to adjust changing conditions. Second, was equally candid in stat that he wanted to get rid of nuclear issue before the n election.

In an unexpected developme the People's Party came to rescue. Its chairman, Dr. Jo Taus, a brilliant banker but far a luckless politic announced that his party wo urge a "no" vote at plebiscite. The party is favour of nuclear energy and the institutions of direct de cracy such as referendums, Dr. Taus argued that one can ask the people whether they for or against one particu nuclear power plant. To announcement, however, criticised by powerful Peop Party politicians who had been consulted. While criticis the Government, these politici were in favour of leaving vote to the discretion of voters. Through his ha "no" slogan, Dr. Taus help the Socialists to change referendum into a ch "between Kreisky and Tau Even if the People's Party n switch to new tactics, they ha lost precious points in the for coming propaganda battle.

It is expected that only so 60 to 70 per cent of the elector will go to the polls. Regardl of the exact percentages, ho ever, the indications are Chancellor Bruno Kreisky, w three times in succession w general elections and twice absolute majority (unprecedent in modern European histor will again emerge the supre tactician.

EUROPEAN NEWS

World uranium reserves 'sufficient for 20 years'

BY ROBERT MAUTHNER

PARIS, July 3

…OWN WORLD uranium re…es represent about 20 years …orward requirements on the …s of what is presently con…red to be the likely growth …nuclear power during this …od, according to the annual …rt of the Organisation for …nomic Cooperation and …elopment's Nuclear Energy …ncy.

…e reserves, which are …ned as the portion of the …d's "reasonably assured …urces" from which produc… at costs up to $80 per kg of …ium is normally drawn, … total 1.65m tonnes of …nium.

…or economic, technical and …tical reasons, however, all of …e reserves are unlikely to be …oited and additional reserves … be necessary to meet the …ds of this period.

…t a higher cost, uranium …urces, including reserves, are …siderably larger. The report … that, at costs of up to … per kg of uranium, …loitable resources currently … 2.2m tonnes and estimated …itional resources in the same … range amount to a further … tonnes.

…hile uranium production …lled nearly 30,000 tonnes in …7, the estimates of uranium …urces show that, by 1985, …re than 90,000 tonnes per year could be produced, if there is sufficient economic incentive and stability to provide the conditions for orderly growth.

But beyond 1985, increasing importance must be placed on production in countries which have not, until now, provided substantial supplies of uranium.

Because of a variety of factors, including the rise of energy costs and the slowing down of economic growth rates, nuclear power growth and uranium demand estimates have been revised downwards in the current report.

Whereas in the previous report, published two years ago, it was estimated that nuclear power capacity installed by 1985 would amount to 479 to 530 gWE (gigawatts electric), the latest estimates are for only 277 to 368 gWE of capacity).

In spite of the concern in recent years about the adequacy of uranium enrichment supplies, a recent OECD Nuclear Energy Agency study indicates that sufficient capacity is now planned to cover demand at least until 1990. Though enrichment project delays or stringent contract terms could again tighten the supply situation, the present delays in nuclear reactor construction would counter-balance this trend.

The report points out that only a modest amount of nuclear fuel is likely to be recycled to light water reactors in the short-term. But, in spite of the U.S. plans to provide for long-term storage of spent fuels, reprocessing remains the chosen option of several other countries with major nuclear programmes, mainly to provide plutonium for fast breeder reactors scheduled for introduction in the 1990s.

Annual world potential reprocessing requirements, which amounted to only about 2,000 tonnes of uranium in 1977, will increase to about 6,000 tonnes in 1985 and 11,000 to 14,000 tonnes in 1990. The cumulative figures will rise to between 76,000 and 88,000 tonnes uranium content by 1990.

Whatever decision is reached concerning the future of reprocessing, there is an urgent need to resolve the mounting spent fuel storage problem, the report stresses.

"There will evidently need to be a combination of construction of long-term storage facilities for those countries that choose to forgo the reprocessing option and also the construction of additional reprocessing capacity to meet the demand from those desiring to retain the recycling and breeder strategies."

…wiss output …tays at …ame level

…volume of Swiss industrial …luction, excluding operations …ower stations, gasworks and …erworks, was at the same level …he first quarter of this year as the corresponding period of …, reports John Wicks from …ch. Figures issued by the …ernment in Berne show a …ked recovery, by 11 per cent …an annual basis, in chemical …luction, while paper industry …out rose by 8 per cent and that …he quarrying sector by 5 per … over the year. Other product …ups were little above or even …w 1977 levels, production of … key machine-building sector …wing a 4 per cent decline.

…rkey debt talks

…s took place at the offices of … Union Bank of Switzerland …S) in Zurich yesterday on the …ructuring of Turkey's $2.5bn … to foreign banks, John Wicks …es from Zurich. Eight major …rnational banks, including …s and Swiss Bank Corporation, … involved in the discussions … Turkish spokesmen.

Gaddafy promises military assistance for Malta

BY GODFREY GRIMA

LIBYA HAS promised Malta full political, military and economic support to ensure that the island will never again have a foreign military base on its soil after Britain's military withdrawal in March next year.

This was stated in a joint communique issued at the end of a two-day State visit to Malta by Colonel Muammar Gaddafy, the Libyan leader, during which, in talks with Mr. Dom Mintoff, Malta's Prime Minister, attempts were made to define basic political issues and resolve economic ones.

Uppermost on the agenda was the future of oil supplies which Malta has been receiving from Libya at rates considerably lower than charged on the open market. Although at a news conference this morning Colonel Gaddafy said that a reference to how far the talks on this usbject had progressed would be made in the final joint communique, no mention of this was in fact made when the communique was issued. According to authoritive sources the Libyans are still pressing Mr. Mintoff's Government to retail petroleum products in Malta to reflect the preference rates offered by Libya. Instead Mr. Mintoff's Government is retailing petrol, diesel, paraffin and lubricant oils at a premium to finance urgently needed Government schemes and to subsidise essential commodities.

Col. Gaddafy's main consideration during his visit is understood to have been the acquisition of cast-iron assurances from the Maltese that the island would assume a completely neutral stance after 1979.

At this morning's news conference he again underlined how important it was for Malta to close down foreign military bases, and the point was driven home in the final communique.

Reuter adds from Paris: France and Italy today reacted cool'y to a statement by Mr. Mintoff that he would look exclusively to the Arab world for economic help when British bases on the island close. He accused France and Italy of bickering over aid to Malta. A French government official commented today that it was not the first time Mr. Mintoff had said that.

Portuguese opposition party chief re-elected

By Our Own Correspondent

LISBON, July 3.

THE RE-ELECTION of Lisbon lawyer Dr. Francisco Sa Carneiro to his post as president of Portugal's major opposition party, the Social Democrats, has confirmed the new Right-wing slant of the party.

Dr. Sa Carneiro was overwhelmingly supported as the only candidate for the post he vacated in a fit of pique eight months ago. Of the 545 delegates present this week-end during an extraordinary party congress, 502 voted for him.

The Social Democrats, with 73 deputies in a 263-seat Parliament firmly controlled by the ruling Socialist-Conservative alliance, have pledged to bring down the Government by constitutional means.

At its congress a new hard line image emerged, clearing up the ambiguities which have plagued the Social Democrats for more than a year. The party accused the present Government of increasingly flagrant incompetence and blamed the "passivity" of the popularly elected president, Gen. Eanes, for lowered national living standards, "erosion of democracy and reinforcement of totalitarian positions."

The PSD alternative to the ruling alliance is what it calls a government of national salvation consisting of a coalition of all democratic parties excluding the Communists. This, it says should take office before the scheduled 1980 general elections.

The party wants the "Marxist elements" of the 1976 constitution expunged, reduced State participation in the economy and the abolition of the military watchdog body, the Council of the Revolution. Under the constitution this group is due to disappear anyway in 1980.

The party also supports vigorous implementation of regional autonomy on the Portuguese Atlantic island possessions of the Azores and Madeira.

Tugendhat warns on EEC budget

By Philip Rawstorne

LUXEMBOURG, July 3.

THE EUROPEAN Community would have to find additional budget revenue by 1981, Mr. Christopher Tugendhat, EEC Commissioner for Budget and Financial Control, said today.

Mr. Tugendhat told the European Parliament that he would be presenting proposals later this year for enlarging the Community's own resources.

Within three years, Community expenditure would reach the present limit on revenue of a 1 per cent rate of value added tax.

Development of the Community's social and regional policies during this period already depended on greater restraint in agricultural spending.

Mr. Tugendhat said the Commission rejected any suggestion that the 1 per cent VAT rate should impose an absolute limit on Community expenditure.

"We are examining various possibilities for financing the budget when that ceiling is reached."

Introducing the preliminary draft budget for 1979 of £9.2bn in commitments and £8.7bn in appropriations for payments—increases of 15.5 per cent and 13.1 per cent respectively on last year's totals—Mr. Tugendhat said that the Commission had been less ambtious than it would have liked because of the general economic situation in member states.

But expenditure in the social field, particularly on youth employment, had been given a central place in the budget.

Dutch tourism receipts slide

By Charles Batchelor

AMSTERDAM, July 3.

THE COMPETITIVE position of Holland's tourist industry is in danger, according to the National Tourist Board. Holland attracted slightly more foreign visitors in 1977, although total receipts fell for the first time in more than six years. Allowing for inflation, spending by foreigners was back to 1971 levels, the Board said in its annual report.

Dutch holidaymakers are increasingly taking their holidays abroad—56 per cent last year compared with 46 per cent in 1971. The increase in second holidays has meant that previously the total number of holidays taken in Holland has remained stable. But in 1977 it fell for the first time.

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Anglo-Spanish moves on Gibraltar dispute

BY JOSEPH GARCIA

GIBRALTAR, July 3.

AN ANNOUNCEMENT is imminent on the establishment of joint Anglo-Spanish working parties to explore possible areas of co-operation in the Gibraltar dispute. The working parties are a British idea agreed to at talks held in Paris in March between Dr. David Owen, the Foreign Secretary, and Sr. Marcelino Oreja, the Spanish Foreign Minister. Gibraltar was represented by Chief Minister Sir Joshua Hassan and leader of the opposition Mr. Maurice Xiberras. It is seen here as the most significant progress since the current difficulties began 14 years ago.

Virtual agreement on the composition and terms of reference of the working parties has now been reached, it is understood. The British side is likely to be led by Mr. Ewen Fergusson, an Assistant Under Secretary at the Foreign and Commonwealth Office, and will include senior Gibraltar officials. The Spanish side will be headed by Sr. Antonio Elias, Director General for European Affairs at the Spanish Foreign Ministry, aided by senior officials from Madrid and the Spanish Embassy in London.

The meetings, which are due to take place in London and Madrid, will consider telephone and telegraph links, maritime communications and the payment of social security benefits to former Spanish workers in Gibraltar.

Although Spain has allowed telephone communications to remain in force after the traditional Christmas period, telegraph links between Spain and Gibraltar remain uncut. It is thought here that the question of social security benefits will require much study, and there is hope that speedy progress can be made on the resumption of a ferry service between Gibralta and the Spanish mainland, although it is not too certain what sort of service the Spaniards would have in mind even if agreement in principle is possible.

In London today, Gibraltar's Chief Minister Sir Joshua Hasan was having a second meeting with foreign office minister Mr. Frank Judd after a first meeting on Friday. In Gibraltar, opposition leader Mr. Xiberras is thought to announce the formation of a new political party "The Democratic Party of British Gibraltar."

Meanwhile in the Spanish border town of La Linea, which has been going through an economic crisis since the border closure in 1969, the Mayor Sr. Juan Blasco Quintana has been suspended following growing unrest and mounting demands for his resignation.

BASQUE TROUBLES

Shootings highlight ETA rifts

BY DAVID GARDNER

BARCELONA, July 3.

SR. JUAN JOSE ETXAVE, a former leader and founder member of the Basque nationalist organisation ETA, was shot and critically wounded early today in the town of San Juan de Luz. His wife was killed instantly by the as yet unidentified attackers.

Sr. Etxave had some time ago ceased to play an active part in ETA but he ran a bar in San Juan de Luz which was well known as a meeting place for Basque activists. Although nobody has claimed responsibility for the attack, it seems at first sight to be an attempt to revenge the murder of a Basque journalish Sr. Jose Maria Portell last week.

The murder of Sr. Portell—an acknowledged expert on ETA—has highlighted certain tensions within the Basque organisation. The military wing of ETA—ETA militar—has claimed responsibility for the murder but the motives for the attack are somewhat clouded.

Sr. Portell was the editor of the Bilbao Press Association's weekly, the "Hoja de Lunes," and was respected as a thorough and independent journalist. His first book on ETA was banned in 1974. In the last years of the Franco regime, Sr. Portell became close to ETA in an attempt to investigate its aims and account for its existence.

It was among the leaders of earlier forms of ETA that Sr. Portell moved most easily. Many of these leaders are now to be found at the head of radical working class and nationalist organisations, after recurring clashes between the orthodox left-wing faction in ETA and a hard core terrorist minority, represented by ETA-militar.

In the past, Sr. Portell's unique position made him an ideal go-between for the Government in its negotiations with ETA. He served as an intermediary last spring, when the Government was trying to peg the release of Basque prisoners to a pre-election ceasefire.

On that occasion, dissident ETA commando units (Bereziak) broke with the leadership of ETA's political-military wing (ETA P-M), and greeted the June election with 34 bomb attacks. Following the kidnapping and murder of the Basque industrialist, Sr. Xavier Ybarra, the Bereziak, led by Sr. Miguel Angel Apalategui (Apala), joined forces with ETA-militar.

One theory given wide currency last week was therefore that Sr. Portell had again been acting as an intermediary, and fell victim to dissidents opposed to negotiations. In its communique claiming responsibility for the assassination, ETA-militar describes Sr. Portell as a "Government agent," whose mission was to "use his prestige to discredit, slander and attack ETA."

But this outburst of murderous hostility towards the Press—other newspapers were threatened in the communique—is more than just gratuitous violence. There are strong indications that Sr. Portell was getting close to uncomfortable details about the organisation in his research for a book he was writing on the case of the ETA P-M leader Sr. Eduardo Moreno Bergaretxe, known as "Pertur."

"Pertur" disappeared in France while on his way to a key political meeting near the French-Spanish border in September 1976, and has not been heard of since.

West Berlin justice chief resigns

By Leslie Colitt

BERLIN, July 3

THE HEAD of West Berlin's Justice Department has resigned as a result of lax security measures at the city's main prison, where the suspected West German terrorist Till Meyer broke out last month. Meyer was freed by two women using forged lawyers documents who entered the prison virtually uncontrolled. He was recaptured only by accident late last month at a Bulgarian Black Sea resort.

The city government official who has stepped down, Herr Jurgen Baumann, belongs to the Free Democrat Party in West Berlin which, as in Bonn, is the smaller coalition partner of the Social Democrats. His resignation comes after Herr Werner Maihofer, the West German Interior Minister, also of the FDP, was forced out of office last month following revelations about a lack of co-ordination between Federal and state criminal police during the search last autumn for the terrorist kidnappers of the late Herr Hanns-Martin Schleyer.

OVERSEAS NEWS

MIDDLE EAST PEACE EFFORTS

Mondale makes little headway

BY DAVID LENNON

JERUSALEM, July 3.

ISRAEL'S SECURITY needs regarding the West Bank can be guaranteed by arrangements other than physically occupying the territory Mr. Walter Mondale, the U.S. Vice-President, told a news conference here this morning before his departure to Egypt.

"Territory and security may not always be identical." Mr. Mondaye said. Repeating a well-established U.S. view, he explained that it might be possible for Israel to relinquish land in return for guarantees and other arrangements such as demilitarised zones and electronic warning devices.

His final talks with Mr. Menahem Begin, the Israeli Prime Minister, are believed to have centred on this issue. Mr. Begin continued to argue that his plan to grant the West Bank and the Gaza Strip limited autonomy was a good basis for peace while insisting also that Israeli withdrawal would expose the Jewish State to mortal danger.

Despite repeated assurances of America's "unshakeable commitment" to Israel's security, Mr Mondale seemed to make little headway in persuading Mr. Begin that Israel must withdraw from the West Bank if peace is to be achieved. Indeed, the Prime Minister asked for maps to be brought into the meeting so that he could show Mr. Mondale how vulnerable Israel would be if it were to relinquish the West Bank.

Before his departure for Alexandria Mr. Mondale repeated his belief in the urgent need to renew direct negotiations betwee renew direct negotiations between Israel and Egypt. "We fear that if an impasse develops and continues for a protracted period . . . it may be very difficult it not impossible to regain the chance for peace."

If negotiations were resumed the mood would change from one of frustration and in some quarters despair to one of hopeful progress Mr. Mondale said.

Prospects for a meeting of the Israeli and Egyptian Foreign Ministers in London to resume the direct talks in the middle of this month appeared in some doubt this morning as Mr. Begin again said that Israel would decide on its participation only after studying the Egyptian peace plan.

Mr. Moshe Dayan, the Foreign Minister, told a Jewish conference that Israel would not go to London if the Egyptians set any preconditions for the meeting.

Israeli officials said prospects for advancing the peace process now depended very much on what emerged from the meeting between Mr. Mondale and President Anwar Sadat.

Reuter reports from Alexandria: Mr. Mondale arrived here from Jerusalem to try to persuade President Sadat to restart the peace talks despite Israel's continued hardline attitude.

Egyptian officials said earlier that Mr. Sadat and President Carter would meet in Bonn or Vienna later this month to discuss the peace talks. The Presidents hoped to work out a formula acceptable to both Egypt and Israel on the future of the West Bank and the Gaza Strip.

In Vienna officials said Mr. Sadat was expected to have talks with Dr. Bruno Kreisky, the Austrian Chancellor, soon but they and U.S. diplomats knew of no plans for a meeting between the Egyptian President and Mr. Carter.

MALAYSIA

Poll may strengthen Hussein's position

By Wong Sulong in Kuala Lumpur

MORE THAN 5m Malaysian voters go to the polls on July 8 for the fifth time since the country became independent in 1957. For Datuk Hussein Onn, the Prime Minister, it is the first electoral test he has faced since he succeeded the late Tun Razak 30 months ago, and he is not expected to lose.

His United Malays' National Organisation (UMNO) has long dominated the ruling 10-party National Front coalition which, by embracing the main Chinese and Indian parties, helps to preserve the delicate racial balance in the country. While the Malays and other indigenous groups who make up 57 per cent of the population continue to hold sway in the political field, this balance is unlikely to be upset electorally, particularly as constituencies are also drawn to give rural Malay areas disproportionate voting strength as against Chinese-dominated urban constituencies.

The 55-year-old Hussein, has never been in a stronger position than now. His record has been established by the way he ended the political career of the autocratic Tun Mustapha in Sabah and withstood tremendous pressure to ensure that Datuk Harun Idris, the Chief Minister of Selangor, was tried and jailed for corruption and forgery.

A former soldier and lawyer, whose calibre is now undoubted by either Chinese or Malays, Hussein has pledged to eradicate the country's three evils—Communism, communalism and corruption. He has banned public rallies in the current election campaign out of concern about the Communist threat, and though the 30th anniversary of the Communist war of liberation passed quietly on June 20, the police say an increase in insurgent activities is still possible.

This month alone, seven members of the security forces and one communist guerrilla have been killed in various clashes. The police have mobilised 22,000 men for election duties, while the army and air force have been similarly alerted. Yet, security apart, the ban on public rallies also works to the Government's electoral advantage, and the opposition parties have accused the authorities of trying to muzzle them. For them public rallies are important in order to publicise their views, particularly as they have limited funds and the mass media is either Government-controlled or highly sympathetic to the Government.

Even the former Prime Minister, Tengku Abdul Rahman, in his weekly column in a local paper, made an indirect "criticism" on the ban, pointing out that though the threat to public order was present during previous elections, rallies were permitted.

Though operating under severe handicaps, including a ban on discussion of racially sensitive issues, the opposition is expected to put up a strong challenge in many areas, especially in the cities, where the electorate has been swollen by the bulk of the 1m new voters. In the 1974 elections, the National Front walked away with 47 uncontested seats; this time, it is unopposed in only nine seats.

There are 19 opposition parties in the fray, but the only two strong challengers to the National Front are the orthodox Party Islam (PAS) and the Democratic Action Party (DAP), which won 14 and nine seats in the Federal Parliament respectively in 1974. Unlike previous elections, where three-corner fights worked to the advantage of the Front, the position is reversed because PAS and DAP now constitute a pincer attack on the Front.

UMNO wants to deal a coup de grace to PAS, its arch enemy, which is fighting for survival after a disastrous defeat on its home ground in the Kelantan State elections in March. Both Datuk Hussein, and his deputy, Dr. Mahathir Mohammed, face PAS challengers, having won their seats uncontested last time. Dr. Mahathir will have to campaign hard as PAS has vowed to get him for his role in the Kelantan election defeat.

The DAP expects to emerge as the strongest opposition party and is anxious to win more Malay seats to escape its image as a Chinese party. Its main Chinese rival is the Malaysian Chinese Association, MCA, senior Chinese partner in the National Front coalition Government. The DAP is tapping a rich vein of Chinese emotion by playing up the issue of Chinese education and supporting a Chinese "Merdeka" (independent) university. The Gerakan party, a junior partner in the Front, has meanwhile shed the image of a multi-racial party and put up an all-Chinese team to ward off an MCA attempt to win Penang State.

In the East Malaysian states of Sabah and Sarawak, a last-minute agreement on the allocation of seats among the Front's partners should ensure a sweep by the Front. In Sarawak the battle among its three squabbling partners is suspended because state elections there are delayed until next year.

Foreign affairs have not emerged as a campaign issue, and Malaysia's foreign policy is unlikely to be altered. The Front has pledged to continue with free enterprise, supports foreign investments, and has no intention of restricting the repatriation of profits. Efforts to attract foreign investment would be stepped up.

Preliminary meeting on Rhodesia talks sought

By Michael Holman

LUSAKA, July 3.

THE BRITISH and United States Governments are attempting to arrange a preliminary meeting of senior officials from all parties to the Rhodesian dispute, who would then advise their leaders about the merits of the proposed round-table constitutional conference, according to nationalist sources here.

At the beginning of June, Mr. John Graham from the Foreign Office, and Mr. Stephen Low, U.S. Ambassador to Zambia, began efforts to convene an all-party conference. They have visited Zambia, Mozambique, South Africa, Rhodesia and Malawi.

According to the sources, a preliminary meeting would discuss transition arrangements, a new Rhodesian constitution and cease-fire terms for the guerrilla war. Officials would then report back to their parties.

Nationalists here have expressed misgivings about the approach, arguing that there is little point in holding such a preliminary meeting before the party leaders at least agreed in principle to the form of a Rhodesian settlement.

Reuter adds: Mr. John Davies, British Shadow Foreign Secretary, arrived in Lusaka to-day from London to meet the Zambian President, Dr. Kenneth Kaunda, and the Rhodesian nationalist leader Joshua Nkomo, at the start of a fact-finding tour on the Rhodesia issue.

Mr. Davies told reporters at the airport he still supported the "internal settlement" as the only hope of getting an orderly transition of power to black majority rule in Rhodesia. But he indicated the Conservative Party was scrutinising its Rhodesia policy for the future.

Syrians and Christians clash as new battles rage in Lebanon

BY IHSAN HIJAZI

BEIRUT, July 3

SYRIAN TROOPS and Lebanese Christian right-wingers were today on an all-out collision course as heavy fighting raged here for the third consecutive day, inflicting a heavy casualty toll and extensive material damage.

Artillery, multiple rocket launchers and tanks were again in action after two ceasefires, arranged last night, collapsed at dawn to-day. A lull for a few hours overnight followed instructions by President Hafezal Assad of Syria to his troops here to discontinue hostilities. He issued the orders after talking on the telephone with President Elias Sarkis.

The roar of guns and the thud of shells hitting targets kept people hiding in their homes and raised fears about the possible recurrence of civil war, which 30,000 Syrian troops came here to end in November, 1976. The troops form the bulk of the Arab League Peace-Keeping Force, whose mandate will expire at the end of October.

Syrian positions today engaged in an artillery duel with Right-wing militias in various sections of the capital and on the dividing lines between Moslem and Christian neighbourhoods.

The fighting, which originally started last Saturday, has so far claimed the lives of 80 people, mostly civilians. About 300 people were injured. The death toll in last night's clashes was put at 60, most of whom were in the Christian areas.

Lebanon's top Right-wing leader, former President Camille Chamoun, has accused the Syrians of seeking to commit "genocide" against 500,000 Beirut residents, and appealed to the world powers in general, and the United States in particular, for help.

Syria for the first time charged the Phalange party and Mr. Chamoun's National Liberal Party by name with responsibility for the new violence, and accused them of seeking to dominate Lebanon "by blood."

Peking ends all aid to Hanoi

PEKING, July 3

CHINA SAID today it was halting all economic and technical aid to Vietnam because of Hanoi's campaign against Chinese in the country. The New China News Agency said a Note was handed to the Vietnamese Government today announcing the end of the aid.

Chinese officials said recently Peking had given Hanoi about $10bn in aid in the past 20 years. The formal break leaves almost no links between the two countries apart from distinctly cold diplomatic relations.

The agency quoted a Government Note sent to Hanoi accusing the Vietnamese of destroying minimum conditions for keeping the Chinese experts working on aid projects. Reuter

Colina MacDougall adds: Today's announcement by the Chinese completes the withdrawal of Chinese aid begun on May 12, when Peking notified Hanoi that it was cancelling 21 projects, and intensified on May 30, when it terminated 51 more. These details were revealed by Hanoi on June 17, when it published two Chinese Notes and announced that these 72 projects comprised almost all the complete plant being supplied by China to Vietnam.

John Hoffman writes from Peking: China has no intention of taking over South-East Asian countries with an army enlisted from the millions of overseas Chinese, the official newspaper the People's Daily said today in a strongly worded editorial.

The newspaper made a detailed attack on claims by the Soviet Union that Peking was encouraging "ethnic feelings for China" among people of Chinese origin living in other countries. The editorial spelled out China's official attitude to overseas Chinese and counter-charged again that Moscow was trying to drive a wedge between China and South-East Asian countries.

It repeated allegations that the Soviet Union was behind Vietnam's anti-Chinese campaign, which has resulted in the flight to China of many "persecuted" residents of Chinese origin.

Clarifying China's stand on overseas Chinese, the newspaper said Peking was strongly against its people holding dual citizenship. Chinese people living abroad were encouraged to take the nationality of their country of residence and to give their allegiance to that country.

Desai refuses resignation

By K. K. Sharma

NEW DELHI, July 3.

MR. MORARJI DESAI, the Indian Prime Minister, today refused to permit the Foreign Minister, Mr. Atal Behari Vajpayee, to resign from the Government. Mr. Vajpayee said he wanted to devote himself to strengthening the ruling Janata Party.

Mr. Vajpayee, who belongs to the powerful Jana Sangh faction, is known to be unhappy about recent developments in the Janata Party, particularly the resignation of Mr. Charan Singh, the Home Minister, since he feels this threatens the future of the infant organisation. He sent a letter over the weekend to Mr Desai asking to be relieved of Ministerial responsibilities.

Bank of China looks abroad

BY JOHN HOFFMAN

PEKING, July 3.

THE BANK OF CHINA has been directed to involve itself in international financing. Its new role was outlined in Peking in a major statement on the national economy by Vice Premier Yu Chiu-li.

Mr. Yu, speaking yesterday at a national conference on finance and trade, said the bank would play a greater and more important part in China's future large-scale economic development.

"Along with the growth of foreign trade and expanded relations with other countries, the role of the bank will be expanded and financial activities with foreign countries will increase." he said. "We must receive and use foreign deposits in a planned way."

Mr. Yu's statement comes within days of a commitment by another senior Chinese leader, Vice Premier Li Hsien-nien, that China would adopt conventional international borrowing practices.

The guarantee was made to a party of visiting British parliamentarians during discussions about China's development plans and its need to import costly technology equipment and materials. Mr. Li made it clear that in dealing with foreign lending institutions China would limit its borrowings to absolute necessities. However the fact that China had not made big international money deals in the past did not mean it would not do so in the future.

In yesterday's statement, Vice-Premier Yu predicted an expansion in China's foreign trade which he said would be encouraged "provided it does not infringe on China's sovereignty and economic independence."

China would work for economic and technological exchange with other countries and "flexibly apply common international practices to help China achieve modernisation rapidly and correctly."

In spite of its drastically revised attitude to trade and the international money market, China is showing characteristic caution in enlarging its consumption.

Foreign trade would be expanded mainly by increasing exports, Vice Premier Yu said. He urged the development of manufacturing industries to provide a full range of export commodities. Some enterprises which needed special equipment would be allowed to import it, paying with the manufactured products.

JAPAN'S LEADERSHIP BATTLE

Fukuda fights to stay in power

BY CHARLES SMITH, FAR EAST EDITOR, IN TOKYO

POLITICAL ACTIVITY in Japan, dormant for the past 18 months, is rapidly coming to life again with the approach of an election this winter for the presidency of the ruling Liberal Democratic Party (LDP).

The LDP presidency, whose holder automatically becomes Prime Minister because of the party's overall majority in the Diet, is held for two years under the party constitution and has in the past been filled by a vote confined to Diet members and a small circle of party officials. This year a "primary election" is to be staged in which some 1.5m LDP party members will be allowed to cast their votes. The two front-runners in the primary will then compete in a "run-off" election confined to LDP Diet members.

The candidates in the primary election are expected to include the present Prime Minister, Mr. Takeo Fukuda, the Secretary General of the LDP, Mr. Masayoshi Ohira, Mr. Toshio Komoto, who is Minister of International Trade and Industry and a member of the faction led by ex-Prime Minister Mr. Takeo Miki, and Mr. Yasuhiro Nakasone, an outsider with a relatively large factional following of his own. In practice the real fight is likely to be between Mr. Fukuda, who will be seeking a second term after his initial two years as party leader, and the increasingly popular Mr. Ohira.

Straw polls taken within the LDP during the past few months together with a line-up of factional allegiances suggest Mr. Ohira would be likely to defeat Mr. Fukuda comfortably if there was a straight fight between the two men and if nothing happens to change things between now and November, when primary voting starts. Mr. Fukuda, however, appears to be planning a dissolution of the Diet and a national general election in advance of the party poll in a bid to improve his own standing.

The Prime Minister is thought to calculate that the ruling party would do well in an election and that a rise in the LDP majority would give him the personal success he needs to win at the subsequent party elections.

Expectations that the LDP would do well are widely shared, mainly because the party has been chalking up a series of steady wins in prefectural and local elections since the beginning of the year. But it is far from certain that Mr. Fukuda will actually be able to dissolve the Diet and call an election. The dissolution order would need to be signed by the whole Cabinet—some of whose members have already declared that they will not approve dissolution unless they are "convinced" an election is in the national interest. A further point is that the Diet cannot be dissolved (according to customary practice, though not according to the letter of the constitution) at a time when it is not actually in session.

The regular 1978 session of the Diet ended last month after a six-month sitting, and the next regular session is not due to be convened until early next month. Mr. Fukuda would thus need to call an "extraordinary" session in the autumn if he is to carry out his election plan. In point of fact extraordinary sessions of the Diet have been called very regularly in recent years—in most cases to approve supplementary budgets which have been needed to bolster Japan's sagging economy. Mr. Fukuda, though normally an optimist on Japan's economic recovery prospects, seems to be moving to the view that the economy will, in fact, need another stimulus this autumn. His opponents—notably Mr. Ohira and the group of advisers surrounding him—have shifted to a "hopeful" view of the economy, hinting in their public statements that the economy may be doing well enough for a supplementary budget and special Diet session not to be needed.

As "primary" voting for the LDP presidency is due to start in November, and as time has to be allowed for a general election campaign to be held, it would appear that Mr. Fukuda would have to convene the Diet extraordinary session almost immediately after the summer holidays (that is: by around mid-September) and announce a dissolution in early October. This means that tension within the LDP on the question of the Diet session and the dissolution/general election may build up fairly swiftly during the next few weeks. Action will be mainly behind the scenes, however, with no public argument between Mr. Fukuda and his colleagues on the election issue. Mr. Fukuda and Mr. Ohira agreed last month to "freeze" their party leadership campaigns until the autumn, with the result that public references to the whole issue have been extremely oblique.

Mr. Fukuda can claim a successful record during his 18 months of leadership, not least in his management of the economy. He may chalk up another major success during the summer in the form of an agreement on the text of a treaty of peace and friendship between Japan and China. The factional line-up with the LDP, however, seems to be firmly tilted against the Prime Minister with the followers of two former Prime Ministers, Mr. Takeo Miki and Mr. Kakuei Tanaka, determined to see him turned out of office. This leaves the Fukuda faction itself as the Prime Minister's only assured source of support, with the possibility that the Nakasone faction might vote for Mr. Fukuda at the "run-off" stage of the election.

AMERICAN NEWS

Wall Street confused by Fed discount rate rise

BY STEWART FLEMING

NEW YORK July [illegible]

THE Federal Reserve Board's decision to raise the discount rate to only 7¼ per cent on Friday, and the vote by the board chairman, Mr William Miller, against the increase, have left Wall Street confused about thet Fed's stance on monetary policy.

The Fed announced the discount rate increase on Friday and disclosed that, of the five board Governors voting, two, including Mr. Miller, opposed the rise. The assumption is that Mr. Miller voted against the increase because he did not want the rise at all, and not because he wanted the discount rate to go to 7½ per cent, as many expected it would.

The fact that the chairman of the Fed was outvoted publicly on such an issue (apparently for the first time since before the Second World War) is being interpreted as a setback for Mr. Miller. Moreover, the vote came at the end of what had been a difficult week for the normally sure-footed chairman.

On Thursday, Mr Miller lost his composure in an exchange with Mr. Henry Reuss, chairman of the House Banking Committee, during a discussion about whether the Fed has the right to pay interest on reserves of member banks. Mr. Miller also proposed postponing for two years the planned increase in the minimum wage — a proposal which has scant political support.

So far as the balance of voting power on the Fed board is concerned, reports in the Wall Street Journal that the Carter administration will nominate Mrs. Nancy Teeters to the board have been interpreted as helpful to Mr Miller. Mrs. Teeters would be the first woman to be a Fed governor and, as a liberal economist, might be expected to support Mr. Miller on issues over which there is a clear division between liberal and conservative views. Mrs. Teeters is 47, an economist who works for the House Budget Committee and was a senior fellow at the Brookings Institution between 1970 and 1973.

Of more immediate concern to Wall Street, is the discount rate decision and the questions about Fed monetary policy raised by it. The modest rise seems to suggest that the Fed is taking a very cautious approach to tightening credit at a time of growing anxiety among Wall Street economists. Many of them are becoming increasingly alarmed by the rapid growth of the money supply at levels well above the Fed's target growth rates. Thus, over the past year, the narrow M1 measure of monetary growth has been rising at 8.4 per cent, compared with a Fed target between 4 and 6½ per cent.

Mr. Alan Lerner, senior vice-president at Bankers Trust, [illegible] that this rate of increase [illegible] ominous inflationary [illegible] tions," especially [illegible] ground of surging [illegible] credit demands.

The Fed is not now [illegible] to be moving [illegible] tighten credit, and recent [illegible] in short-term interest rates [illegible] have taken the commercial [illegible] prime rate to 9 per cent [illegible] 8 per cent at the [illegible] May have been [illegible] attributed to the [illegible] pressure of demand [illegible] rather than to response to [illegible] moves to tighten credit [illegible] modest increase in the discount rate to a level that is still [illegible] short-term money market [illegible] (the Fed's target for fed funds is thought to be 7[illegible] cent) will be worrying [illegible] investors who want to see [illegible] Fed adopt a stricter [illegible] stance.

But some economists [illegible] pressures [illegible] half of the year. If this [illegible] correct, then the [illegible] response of the Fed to [illegible] monetary growth will [illegible] to have been justified [illegible] will be argued that a [illegible] monetary policy would [illegible] tipped the economy [illegible] recession.

Economic indicators index dow[n]

BY DAVID BUCHAN

WASHINGTON, July [illegible]

SIGNS THAT the spring surge in the U.S. economy has now slowed were given today when the Commerce Department announced a 0.1 per cent fall in the index of leading economic indicators for May.

This preliminary estimate, designed to forecast future activity, compares with the revised 1 per cent increase in the same index for April.

The Administration had earlier predicted that growth in the April-June quarter would reach 9 per cent at an annual rate, but that this would not be sustained in the second half of 1978, when growth would slip to less than half that rate.

The Commerce Department said that 10 of the 12 components were available for the latest index estimate, and that the slight decline was accounted for by a drop in four of those components—the length of the average work week, money supply, new orders and residential building permits, and by a rise in lay-offs.

Last Friday, the government announced that May had also seen a substantial increase in the consumer price index of 0.9 per cent, or 10.8 on an annual basis. The marginal falloff in the index of leading indicators also squares with earlier figures showing a slight increase in unemployment to 6.1 per cent for May.

Although by no means a cast iron guide, the rule of thumb is that, when the leading index continues to move in one direction, up or down, for three consecutive months, then the path of the economy can expected to alter [illegible]

In January, the index fell 1.0 per cent, largely as a result of a bad winter and strikes, subsequently rebounded in spring. From May to [illegible] year, the index did fall for [illegible] consecutive months, on [illegible] [illegible] Bat although [illegible] rate of economic growth slow appreciably over the last [illegible] the year, nothing like a recession ensued.

Today [illegible] stationary, the [illegible] economy because of the [illegible] tionary threat, there [illegible] temptation to seize on the [illegible] figures as the first sign that U.S. is headed for another [illegible] Some economists [illegible] started to predict [illegible] the end of this year, or [illegible] next.

Canada crude oil price up

BY VICTOR MACKIE

OTTAWA, July 3.

THE PRICE of a barrel of Canadian crude oil at the well-head has been increased by $1, back-dated to Saturday, bringing the price of an average barrel to $12.75—$3.25 less than a barrel of imported crude oil of the same quality landed at Montreal.

The increase, the third of four scheduled domestic crude oil price increases, was announced by Mr Alastair Gillespie, the Energy Minister, and will not be passed on to the consumer as higher product prices until the end of August.

Discussions are meanwhile continuing between the Canadian and Alberta Governments regarding a new natural gas pricing agreement.

On the oil price increase, Mr. Gillespie said it marked "a further step towards international price levels for oils, which is an essential element of Government policy in reaching energy self-reliance."

West coast doc[k] strike averted

SAN FRANCISCO, July 3

THE INTERNATIONAL Longshoremen's and Warehousemen's Union and the Pacific Maritime Association have agreed on a three-year contract, averting a threatened strike by 11,500 West coast dock workers.

The union president, Mr. James Herman, said that the pact offered the workers a 90 cent increase in hourly wages over the previous contract. The union rank-and-file will vote on the settlement in the coming weeks.

Reuter

AMERICAN COMPANY NEWS

Chicago Bridge reduces Rowan offer; Beneficial in deal with First Texas; Norton Simon bid blocked; General Dynamics terms—Page 33.

URUGUAYAN POLITICS

The army on the defensive

BY SUE BRANFORD, RECENTLY IN MONTEVIDEO

MONTEVIDEO, capital of the smallest South American country, has a sleepy, old-fashioned atmosphere. Veteran cars, that would be confined to museums elsewhere, are driven proudly around the streets. Model-T Fords, Braifords, Cords and Standard Vanguards rattle by beside old-style Leyland single-deckers and trolley-buses. Victorian-style grocers' shops and dimly-lit pharmacies, with marble counters and rows of glass bottles, are found on many street corners.

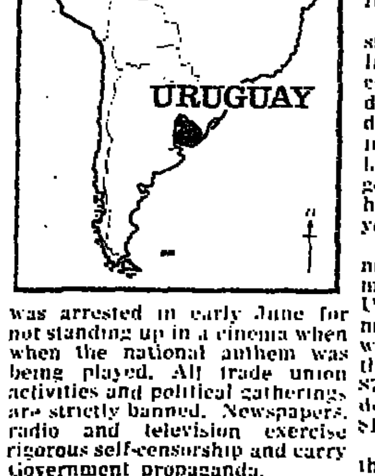
It is hard to believe that, 10 years ago, the first and perhaps the most idealistic group of urban guerrillas in Latin America carried out a series of spectacular propaganda actions in this quiet, easy-going city. In the name of a socialist revolution, the Tupamaros robbed banks, distributed food and clothing to the poor, and carried out audacious prison attacks, at one stage freeing all their members under detention.

Even before the Tupamaros burst on to the political scene, Uruguay's democratic institutions were wobbling. The fight against the guerrillas greatly accelerated the decay. In marked contract to the majority of the Latin American republics, before 1973 Uruguay had only experienced two dictatorships, in 1933-34 and in 1941. In both cases the regime was supported by the police, not the armed forces. Breaking this tradition, the army first took over the fight against the guerrillas in late 1971, at one stage placing the command of the huge offensive in the hands of General Gregorio Alvarez, who today is commander-of-the-army and Uruguay's "strong man." In February 1973, the army openly took over the running of the country, with a veiled military coup, completed two years later with the sacking of the civilian president, Juan Maria Bordaberry.

A reign of terror began to wipe out the guerrillas.

About 10,000 people were arrested between April and September 1973. In January 1976, Amnesty International estimated that there were 6,000 political prisoners, which gave Uruguay the highest ratio of political prisoners in the world, one per 450 inhabitants.

Reliable sources put the number of political prisoners now at 2,500. The guerrillas were wiped out four years ago, but sporadic waves of arrest still continue, directed, at times against members of Uruguay's formerly-strong Communist Party, at times against smaller Left-wing groups. Prison sentences are even tougher than in neighbouring Argentina, acording to lawyers. Acts of minor collaboration with a banned group will bring eight years' detention. A man



was arrested in early June for not standing up in a cinema when when the national anthem was being played. All trade union activities and political gatherings are strictly banned. Newspapers, radio and television exercise rigorous self-censorship and carry Government propaganda.

With the new interest in human rights in Latin America, initiated by the Carter Administration, the Uruguayan Government feels on the defensive. After the recent decision to allow Amnesty International into OAS meetings as an observer, Sr. Alejandro Rovira, Minister of Foreign Affairs, reacted angrily, saying that "Amnesty has acted against this country, exercising neither objectivity nor impartiality."

There are signs that the army itself is beginning to feel trapped by its power. A former civilian Minister in the military government confided that he had recently been approached by General Alvarez about the possible formation of a new, technocratic political party, bringing together civilians and military officers. "I had to turn him down. The idea is preposterous, for the two traditional parties are too deeply rooted in the population," he commented.

The generals have also been putting out feelers towards these parties, the Colorados and the Blancos. Sr. Adolfo Tejera, a leading Blanco politician and Minister of the Interior in the mid-60s, wrote a letter earlier this year to the army, explaining his refusal to collaborate. After denouncing the removal of the political rights of over 1,000 citizens in the last two years, he stated that no agreement could be worked out until the Government guaranteed sufficient freedom for the parties to be able to function properly.

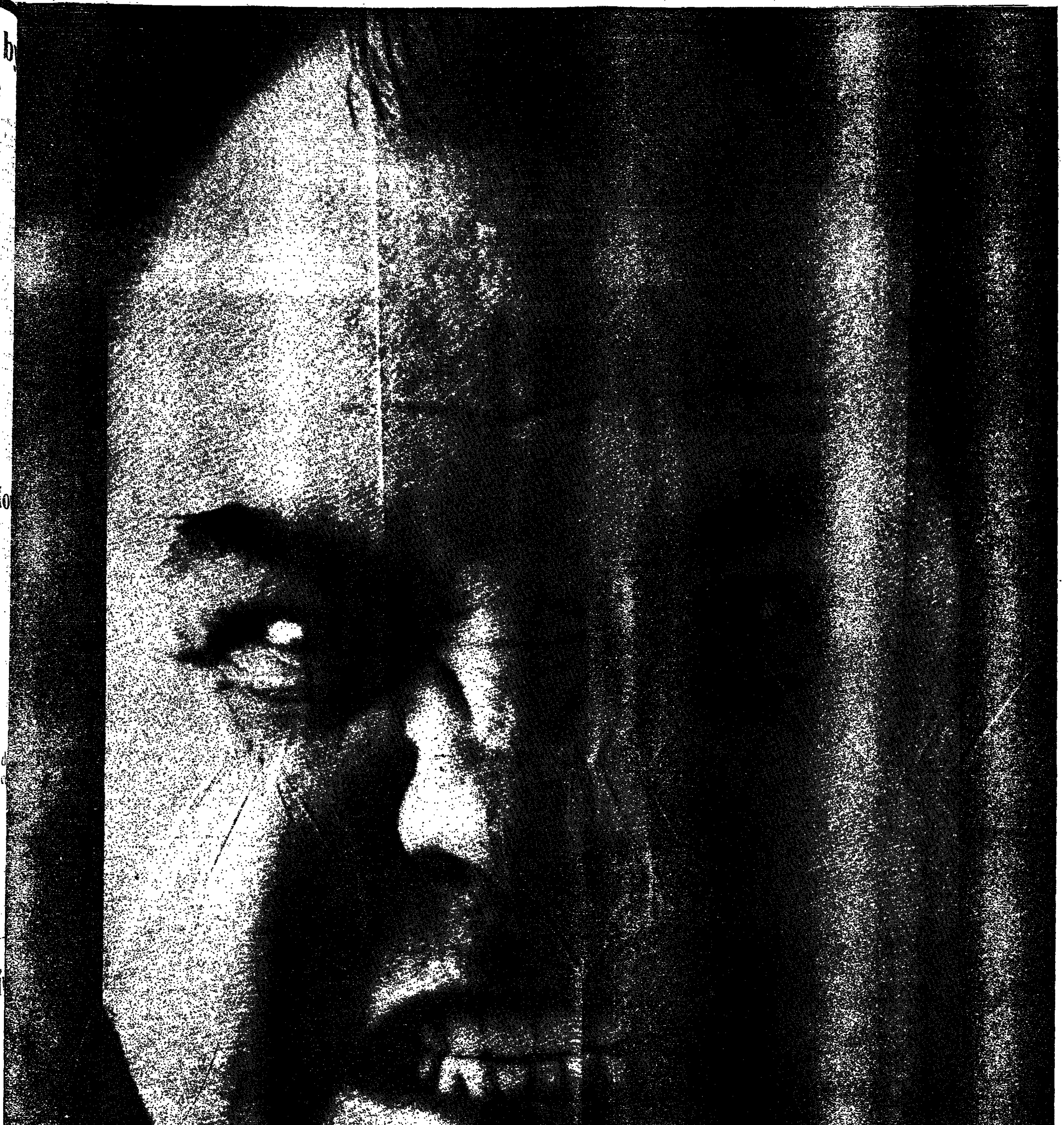
At the economic level, the situation is a little less gloomy. Inflation, which reached 97 per cent in 1973 has been brought down to around 42 per cent. The domestic product has been growing by around 3 per cent for the last four years. Thanks to generous incentives, exports have doubled in the last five years, reaching $607m in 1977.

But imports have been rising more quickly. With no steel mills and no motor industry, Uruguay has heavy import of machinery and vehicles. Coupled with the purchase of all its oil this brought imports up to $730m last year. The foreign debt is growing, standing at $1.3bn in December, 1977.

Government statistics show that the average wage lost two-fifths of its purchasing power in the last seven years. Government health services have been sharply cut. Nurses from a leading children's hospital are selling raffle tickets in Montevideo's streets as a desperate attempt to keep the institution running as normal.

Political and economic pressures have combined to send many Uruguayans abroad. It is estimated that 300,000 people, or 12 per cent of the population, have emigrated since 1963.

On the other hand, the armed forces are larger and better-equipped than ever before in their history. About half of Government spending each year goes to them. A rank-and-file soldier now earns more than a school teacher.



WORLD TRADE NEWS

Imports of electric motors to be blocked

By Max Wilkinson

A FRENCH anti-dumping case against East European electric motor imports to the Common Market is to be supported by British manufacturers.

The British case is being submitted by the British Electrical and Allied Manufacturers' Association and is being co-ordinated by the National Economic Development Office. Details are expected to be considered by the European Commission later this month.

Although Eastern Bloc motors have not secured any significant penetration of the UK market, both the leading British manufacturers, Hawker Siddeley and General Electric, are worried about the effect of Eastern imports on the European market as a whole.

One of the difficulties has been that large quantities of East German motors are imported into West Germany by West German companies who resell them under their own brand names. By this means, East German motors have captured some 30 per cent of the West German market.

Imports from Communist countries have taken 90 per cent of the Dutch market, and between 25 per cent and 30 per cent of the markets in France and Italy. Apart from East Germany, these imports come from Czeckoslovakia, Hungary and Poland.

The Eastern motors have been priced down to 30 per cent less than their Western competitors. However, attempts to get together an anti-dumping case have been unsuccessful in the past, mainly because of West German opposition.

Now, it appears that the West German manufacturers are prepared to support a move against the East European imports which started from the leading French company Leroy Somar.

U.S. order for Shorts 330's

SUBURBAN AIRLINES the U.S. commuter airline has placed an order for two Shorts 330 Commuterliners, one for delivery at the end of 1978 and the second in mid-1979. The sale, which is the second to an airline within the Allegheny Group raises total orders for the Short 330 to 28 which includes 24 firm sales plus four options to existing operators. It brings the number of new orders announced so far this year to 14, worth nearly £15m with spare parts.

Developing countries ask for bigger say in GATT

BY DAVID EGLI

GENEVA, July 3.

DEVELOPING countries have launched a concerted attack against the leading industrialised countries in the Tokyo Round of Multilateral Trade Negotiations. They claimed they were being kept out of the real negotiations on key issues, were consulted only when special and differential treatment for them was being considered, and now feared that they could come out of the negotiations "with a negative balance sheet."

A joint statement of the developing countries, presented by Dr. Petar Tomic of Yugoslavia to a special session of the steering trade negotiations committee, called for a new rule under which a negotiating document would only be adopted if "a large majority" of participants said they favoured it.

The statement also questioned the advantage of a July 15 deadline for completion of the main outline of the agreement. Quality, it said, was more important than the time element and it would not be appropriate to force the timetable on important issues whose implications would extend over many years. The call was made for a timetable which would involve all participants on the basis of realistic possibilities, and it was clearly the view of the developing countries that this would involve intensive negotiations "in the coming months."

In different ways, both the main protagonists in the negotiations—all industrialised countries—and the GATT Secretariat attempted to counter the developing country complaints and get on with the business of negotiation. Mr. Alonzo McDonald, the chief U.S. negotiator, claimed that an "exciting, superb package" was now within grasp, and said that if the effort was successful the developing countries would be the major beneficiaries, "because of most-favoured-nation treatment and few demands on them."

He hoped that these countries would be willing to commit themselves as others were doing and went on bluntly to warn against tinkering with the timetable. The essentials were to be agreed by the middle of the month, he said, and it was improbable that the U.S. would make any major additional offers afterwards and would certainly resist any efforts to unravel what had been accomplished.

Responding to certain requests from the developing countries, the EEC announced improvements in certain tariff offers as well as some extension of its application of the generalised system of preferences.

Mr. Olivier Long, the Director-General of GATT, delivered a factual opening statement summing up progress so far.

The developing countries gave vent to specific complaints both with regard to the tariff negotiations and those concerning non-tariff barriers. They made it clear that they expected additional and substantial offers, compensation for the erosion of preferences that they enjoyed, and underlined a whole range of issues on which they felt they were being short changed. They called for substantial additional political commitment to seek mutually satisfactory solutions.

Although the one-day meeting ended indecisively, it was clear that the developing countries, acting individually and as a group, intended to use the rest of the year to push for a better bargain for themselves. On the side of the industrialised countries there has been rising frustration over complaints that the LDCs are not fully integrated in the negotiating process.

This is now further exacerbated by the public call for improved terms.

New demand for Swedish pulp

BY WILLIAM DULLFORCE

STOCKHOLM, July 3.

THE Swedish pulp and paper industry experienced an "appreciable upswing" during the first five months of the year.

The operating rate at the mills is still lower than in the Continental and British mills but after the summer shutdowns stocks held by both sellers and buyers should be below normal, which should "strengthen attitudes in the market" in September.

This assessment appears in the latest report from the Swedish Pulp and Paper Association. It records a 12 per cent increase in Swedish paper and board production during the five months compared with the corresponding period of last year.

The industry had been operating at a higher degree of capacity utilisation but financial returns continued to be "most unsatisfactory."

The pressure on the West European market of low-price kraft-liner and pulp from North America has eased and European paper consumption has increased. Swedish paper exports during January-May totalled 1.68m tonnes, an 18 per cent growth divided more or less equally between Europe and overseas markets.

Paper and board stocks held by the mills have decreased but the most spectacular fall has occurred in market pulp stocks. Production restraint and vigorous demand from non-European countries have reduced stocks to a normal level.

Exports of chemical pulp to Western Europe rose by almost 12 per cent while total Swedish deliveries between January and May rose by 22 per cent to 1.67m tonnes. The Swedish mills have been recovering market shares after the setbacks of 1975 and 1976.

In the association's opinion the international pulp market has reached a state of balance paving the way for higher prices. The mills (as reported earlier in the Financial Times) have already announced higher prices of $340 a tonne for bleached sulphate pulp, $325 a tonne for bleached sulphite and $320 for birchwood pulp for delivery during the third quarter.

The stabilisation of pulp prices would help the wood-free writing and printing paper manufacturers to move away from the present excessively low price levels. The association forecasts rising prices and reasonable profitability for competitive companies in these grades in the autumn.

Wood-containing writing and printing papers have been selling better for some time and the increase in Swedish newsprint capacity has been "channelled out to the market without disturbances." Here again though the associates notes a need for price improvements.

Competition continues to be very tough on the West European liner, fluting and kraft paper market, but kraft liner prices have been stabilised at a slightly higher, "albeit still insufficient" level by the EEC Commission's decision to introduce minimum prices. The current market trend seems to be towards higher prices, the association reports.

LORRY TAX

Tough costs face road hauliers in Austria

By Paul Lendvai

ON SATURDAY a controversial road transit tax was introduced here for both foreign and Austrian road hauliers. Neighbouring Hungary is already retaliating against Austrian freighters.

The legislation for the lorry tax was passed last April. But as a result of the vocal protests organised by foreign and domestic freighters, the original rates were reduced and the expected revenue halved to Sch2.2bn (about £80m) in a full year. It is reckoned that about two-thirds of the new tax will have to be borne by the domestic road haulage industry.

Foreign lorries over five tons will be subjected to the new levy of Groschen 25 (0.9p) per ton-kilometre, a quarter of the originally projected sum. Furthermore foreign lorries may not carry more than 30 litres of petrol. It is stressed, however, that the tax burden on foreign road hauliers should in no circumstances exceed that carried by domestic enterprises.

The maximum which Austrian lorries between five and eight tons will have to pay is Sch100 a ton a month and for those over eight tons the maximum will be Sch200.

North-south traffic via the Brenner Pass with 700,000 lorries going through a year accounts for over 70 per cent of Austria's transit freight traffic. During the high season, customs guards have to deal with one lorry every fifty seconds.

At the same time a quick counter-move announced by neighbouring Hungary seems to lend weight to critics' warnings that even the latest softened version of the tax may provoke retaliation. As of Saturday Hungary has imposed a special road tax of Groschen 25 per ton a kilometre on Austrian freighters. As Austrian enterprises alone undertake 1,500 journeys a year between West Germany and Hungary, they will be placed at a competitive disadvantage vis-a-vis other foreign road hauliers on the same routes.

Operating from a land-locked central European country, some 18,000 lorries of 700 domestic road hauliers have to use international routes for two-thirds of their traffic. Advocates of the lorry tax point out that road traffic by foreign lorries has been doubling every four or five years and that the intake from the transit tax would accelerate the badly needed shift from road to rail and cover part of the infrastructure investments.

The changes in the originally projected legislation and the latest measures taken by Hungary have combined to strengthen doubts about the wisdom of the tax. A retaliation by neighbouring or other European countries would harm the domestic industry more than the Austrian tax would the foreign freight forwarding agents.

It remains to be seen whether last minute talks with Hungary may produce a suspension of the retaliatory measures. But similar moves are also expected to be undertaken by the Yugoslav and Czechoslovak authorities.

On the one hand the controversial lorry tax is bound to affect adversely the competitive position of the domestic road hauling industry. On the other, however, it is questionable whether the softened version of the law will have any appreciable impact on the infrastructure and the domestic transport situation. So it is possible that Austria may in a sense get the worst of both worlds and in the final analysis the present form of the transit tax may well have to be reconsidered.

● Austrian and foreign lorries blocked the Brenner autobahn crossing into Italy and other border points yesterday in protest against the new tax. Police said lorry drivers had parked across both the Austrian and Italian approaches bringing traffic to a standstill.

Shell signs new gas pact with Kuwait

BY RAY DAFTER, ENERGY CORRESPONDENT

KUWAIT IS to supply the Royal Dutch/Shell Group with liquefied petroleum gas under a 10-year contract worth some $250m (£135m) a year.

The contract covers the sale of 200,000 tonnes a year of gas, with deliveries beginning next year. According to Shell deliveries will be roughly equally split between propane and butane, gases that can either be used as fuels or as a base for petrochemicals.

The liquefied gas will be shipped to Japan in tankers provided by Kuwaiti authorities. The Kuwaiti Oil Ministry said yesterday that other contracts were expected to be signed soon for the sale of the country's full production of liquefied gas expected to reach an annual rate of 25m tonnes next year. It is thought that the Ministry is discussing possible contracts with about 20 foreign companies.

Shell is a major trader in natural gas. In the past five years its sales have increased from 62bn cubic metres, equivalent to some 43.4m tonnes of liquefied natural gas (LNG) to some 65bn cubic metres (45.5m tonnes).

● The Algerian authorities have announced final approval of a contract for delivery of 4bn cubic metres of natural gas annually to West Germany for 20 years beginning in 1984, reports AP-DJ from Paris.

The official Algerian news agency said the contract was approved because of the delay in the U.S. Government approval of agreements with the El Paso and Tenneco Corporations for shipment of some 20bn cubic metres of natural gas annually to the U.S. for a 20-year period.

The Algerian petroleum group Sonatrach is about to conclude other contracts for delivery of 5bn cubic metres annually to France, 2bn cubic metres each to Sweden and Austria, 1.5bn cubic metres to Tunisia and 2 to 3bn cubic metres to Yugoslavia, all for 20-year periods beginning in 1984.

Saudis in Greek venture

BY OUR OWN CORRESPONDENT

ATHENS, July 3.

SAUDI ARABIA has joined the Soviet Union and Bulgaria on the list of countries interested in establishing an alumina plant in Greece.

Mr. Stavros Dimas, the Greek under secretary of Co-ordination, says a delegation from Saudi Arabia is expected to discuss the matter soon. He says Saudi Arabia is interested both in investing in the project and absorbing the plant's production.

The Bauxites Parnesse Mining Company, which owns vast bauxite deposits, and the state-controlled Hellenic Industrial and Mining Investment Company plan to establish a $300m plant to produce 600,000 tons of alumina a year. The Saudi interest is understood to be in this project.

Last month, Mr. Constantine Mitsotakis, Minister of Co-ordination, said there was renewed interest from the Soviet Government for co-operation in the development of an alumina plant. He said that as a basis for such co-operation the Greek government had suggested that the Russians should supply the plant's equipment and accept payment of its value through the alumina to be produced in due course by the plant and/or through the export of various Greek farm products to the Soviet Union.

An undertaking on the part of the Soviet Union to continue absorbing the entire alumina output of the plant even after its value was paid off, was also considered important by the Greek side. It has also been suggested, following a visit to Sofia by Mr. George Panayotopoulos late last month, that the Bulgarians may absorb part of the plant's output.

Tunisia in arms talks

By Our Foreign Staff

MR. FRED MULLEY, the British Secretary of State for Defence yesterday ended a four-day visit to Tunisia. On his departure Mr. Mulley said that the prospect of closer exchanges between the two countries were promising. It is known that talks with Mr. Hedi Nouira, the Prime Minister, and Mr. Abdallah Farhat, the Defence Minister centred on further co-operation and the purchase of defence equipment.

Mr. Mulley's visit was at the invitation of Mr. Farhat and was in return for one paid by Mr. Farhat to Britain last October.

Canada dumping move

By Victor Mackie

OTTAWA, July 3.

AS OF July 1, all Canadian importers of wide flanged steel beams have again come under the anti-dumping rule, according to Mr. Joseph Guay, the Canadian Minister of National Revenue.

Normally this is based on prices prevailing in the exporters' domestic market. But in this case, because of limited information from the foreign exporters, the Minister has exercised his authority under the Canadian Anti-Dumping Act to establish a value based on the best information available. The measure is being applied against UK, France, Luxembourg, Japan and South Africa.

Brazil ties up barter deals with East Euro

By Diana Smith

RIO DE JANIERO, Ju

BRAZILIAN TRADE c are visiting East Ge Poland and Bulgaria this to conclude negotiations ought to increase trade theso countries.

East European countrie whole are anxious to re trade imbalance weighted i in Brazil's favour: in th quarter of 1978 Brazil $127.8m of goods to East I as a whole and bought $57.3m worth.

The Brazilian-East G arrangement will involve between the Brazilian st trading company Interbr East Germany's NEAHB import company, in Brazilian soya meal will changed for oil.

There will also be a mor plex package, involving a credit line offered to Br East Germany, will cover range of goods.

Brazil will sell cotton or threads and textiles, coffe oil, concentrated fruit industrial hardware and parts, and buy sulphur, instruments, cranes and port equipment, printing p food preparation and pac machines, and mining or ch product machines.

Trade with Poland hing purchases of Polish coal (i Brazil bough $132.000 wort year it bought $76m wo Polish coal). The plan increase this quantity stantially from 1980 onwa return, Brazil will sell maize, soya meal, vegetab and manufactured or manufactured goods—oper $250m credit line for Pol the Bank of Brazil.

Finally, in Bulgaria, ass deals now in the pipelin finalised, Brazil will have i East European outlet Brazilian-made motorcars $15m barter deal with Bu would involve sales of wagens in exchange for plate and soda ash.

Bulgaria, furthermore, i templating building a soy cessing plant, for which hopes to supply equipmen know-how as well as, event the soya to be processed

● The Teksid (steel) di of Fiat and Brazil's Minas State Government inaugurated a $170m join ture—the FMB iron aluminium foundries in B near Belo Horizonte, capi Minas Gerais.

The foundry, equipped to out 57.000 tonnes of parts five production lines, is largest of its kind in America. It will supply not Fiat's car plant in Betime heavy parts, and will also a wide range of clients i electronic, railway, shippin motor industries.

FMB expect to receive $2 export orders alone in the year of operation.

HOME NEWS

Burton Group cuts 73 more shops but plans expansion

BY ELINOR GOODMAN, CONSUMER AFFAIRS CORRESPONDENT

ANOTHER 78 Burton menswear shops are to be closed, making 200 employees redundant. The closures are the second—the company says it hopes final—stage of the programme begun last year when the new management took over.

The company said yesterday that the emphasis would be on improving the 301 shops still trading.

A total of £12m will be spent over the next two years on refurbishing the shops. The company has told the Union of Shop, Distributive and Allied Workers that this investment programme will create at least as many shops as are being closed.

Because of this assurance, the union, which was prepared last year to fight further closures, is recommending its members to accept the redundancy terms.

The terms, which could mean that a man with 20 years' service would receive more than £3,000, were described by the union as the best being offered by any High Street employer.

Soon after Mr. Cyril Spencer took over as chief executive of the group last year, 57 Burton shops were closed. This was part of a cut in the group's activities, which has meant the loss of about 3,000 jobs.

Four factories in the North have closed as well as the Jackson the Tailor operation.

In the halfyear to February, the group recovered from a £1.4m loss to a £5.01m pre-tax profit, but the company said yesterday that it could not make a profit from the shops now to be closed. Most were too small to generate the necessary sales.

Last month, the management met Lord Allen, general secretary of USDAW, to discuss the redundancy terms and the company's plans.

The proposals envisage the development of a new chain for younger men, Top Man, together with an overhaul of the remaining shops.

The union accepted that the programme would result in an increase in employment over the next few years.

One of Upper London docks may be shut

BY PAUL TAYLOR, INDUSTRIAL STAFF

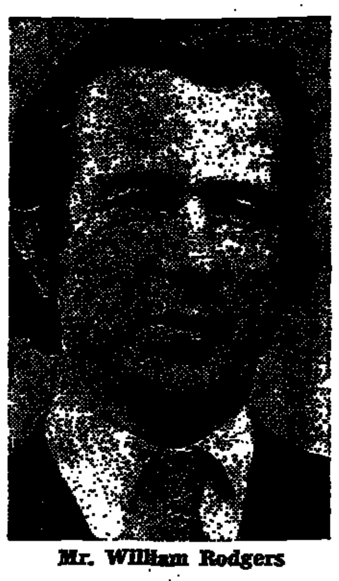
THE PROPOSALS of the Port of London Authority for securing the future of the near-bankrupt Upper London docks will go to Mr. William Rodgers, Secretary for Transport, within the next two weeks.

Mr. Rodgers met a delegation from the authority and the eight docks unions yesterday to discuss the future of the threatened docks.

He had before him a document jointly prepared by management and unions listing the areas of agreement which have emerged from a series of meetings over the past few weeks.

After listening to the union's case that any dock closure would have unacceptable social and environmental effects, Mr. Rodgers told the delegation he would consider these views along with the authority's plan to ensure the viability of the docks.

The authority is understood to be close to formulating its final proposals based on the closure of one dock and a Government cash injection of £50m. Even this plan would depend for success on a substantial increase in conventional cargo business at the one remaining dock complex.



Mr. William Rodgers

The proposals were discussed by the authority's Board yesterday, and may be the subject of a special Board meeting soon.

The authority is reluctant to disclose details, or the timing of its representations to Mr. Rodgers, because of the fear of a pre-emptive dock strike.

It sees a strike, ill-timed and ill-directed as a real threat, and argues that the unions should await the outcome of the Government's deliberations over the docks.

Once the authority submits its proposals to Mr. Rodgers he is expected to take them to Cabinet committee who will take the final decision whether to insist that such docks that survive must be self-supporting or provide some form of long-term subsidy to ensure continued operation of at least one complex.

ICI plans two more chemicals plants on Burn Hall site

BY SUE CAMERON

IMPERIAL CHEMICAL Industries is planning a big expansion of its chemicals complex at Burn Hall, near Fleetwood, Lancashire.

It proposes to build two plants for the production of MDI methylane di-para-phenylene isocyanate—which is used as an intermediate in the making of rigid polyurethane foam.

It is understood that one of the new plants will have an annual polymeric MDI capacity of 35,000 tonnes. The other will produce pure MDI and have a capacity of 10,000 tonnes a year.

ICI already produces polymeric MDI at the Burn Hall site but if the planned expansion goes through it would be able to double its existing production.

It does not produce pure MDI in Britain at present, although it is manufactured at ICI's Rozenberg works in The Netherlands.

The plan to build the two new plants will be considered by ICI's main board early in 1979.

The proposal marks a move by ICI Organics Division away from the production of TDI—toluene di-isocyanate—which is used in the making of flexible polyurethane.

The company believes that MDI markets will become much stronger than those for TDI, reflecting a faster growth in rigid polyurethanes than in flexible ones.

It is planning to close its 15-000-tonne TDI plant at Burn Hall by the end of this year. ICI estimates that world demand for rigid polyurethanes will reach 500,000 tonnes by about 1980. In 1976, world demand was only 300,000 tonnes.

Rigid polyurethane foam is used primarily for insulation purposes and in building panels. Flexible foam is used in cushions and seating. ICI itself does not produce polyurethane foam of any sort—only the chemicals that are used in its manufacture.

Heathro may ban on-spot Stand-B sales

By Michael Donne, Aerospace Correspondent

THE British Airports Auth plans to get tough soon airlines which continue to cheap Stand-By tickets Heathrow airport despi request that, in order to congestion, such sales sh be made only at ticket o in central London. offenders may be ordere comply.

The request was made some ago because the auth feared that in the summer months consider extra congestion would caused at Heathrow's air crowded long-haul Term Three by people anxious t the cheap tickets.

Some airlines have accede the request. British Airv for example, only sells t tickets at its Victoria term

Camped out

But last week-end, with summer traffic at its p Terminal Three was desc by one airline executive "a three-ringed circus," several hundreds of woul cheap-fare travellers cam in the terminal overnight.

The Authority said yeste that the terminal "was not designed for this sor thing.

"The problems we expected l now started with the p summer traffic. We hope airlines will now agree cease selling Stand-By tic at Heathrow."

The airports authority did specify what action it w take if they did not, but likely that it will impos firm ban on such sales.

If the offending airlines do obey, the authority c apply the ultimate sanctio banning them from the port. It is unlikely that would be done.

Syndicate warned of cash demand

By John Moore

MERRETT DIXEY SYNDICATES, the Lloyd's of London underwriting agent, has given a warning to the 109 members of the troubled syndicate headed by Mr. Frederick Sasse that a further substantial cash payment will be required from them by the end of next month.

For a member who has underwritten a standard share of the premium of £40,000, the new amount required might be about £30,000.

The strain on the Sasse syndicate has been caused by its long-running dispute with the Brazilian reinsurance group, Instituto de Resseguros do Brasil (IRB).

The Sasse syndicate has been settling claims on 1,300 fire and damage risks to properties in America, but the Brazilians have refused to settle under the terms of reinsurance.

Litigation is in progress and Sasse hopes that a trial date will be set for early next year.

Meanwhile, Merrett Dixey, at the instgation of the Committee of Lloyd's, has taken on the management of the Sasse syndicate.

HARDSHIP

The Sasse syndicate has received one "call" for a cash payment amounting to £10,000 for a standard underwriting share of the premium of £40,000. These seems little prospect that the latest payment required will be the last.

Merrett Dixey has told members: "We have tried to arrive at our best estimates but we are necessarily seeking further information as to the anticipated level of settlements. It is quite possible that there will be a further requirement prior to the year end."

To prevent hardship on individual members, Merrett/Dixey has arranged with the National Westminster Bank for the Sasse syndicate to be able to draw on cash resources quickly without having to sell fixed assets such as property.

Commenting on the progress of the litigation against the Brazilian group, Merrett Dixey explains that claims against the group run at $8.5m, but points out that there may be more claims against the Brazilians.

Companies 'spend £400m a year' on air pollution

BY SUE CAMERON

INDUSTRY may be spending as much as £400m a year on fighting air pollution, says a repor tby the Alkali and Clean Air Inspectorate today.

The report shows that companies registered with the Inspectorate, including most concerns which are potential sources of major industrial pollution, spend roughly £200m a year on reducing emissions from their factories.

It is estimated that unregistered companies spend about the same.

The report points out that the costs of reducing pollution are normally passed on to the consumer, and says the total cost to the community is therefore probably "significantl ymore" than £400m.

The inspectorate says that in 1976, the year covered by the report, particularly marked and welcome reductions were made in emissions from both lead and vinyl chloride works.

There was encouraging progress in control of pollution from coke ovens, "for long one of the inspectorate's more difficult problems."

The report congratulates works managements on making "a real attempt" to keep members of the local public informed about their manufacturing operations, emissions and any hazardous incidents

But too many planning applications were being granted which allowed pollution-causing industrial developments to be sited near houses, shops, schools or hospitals.

TV export success by Thames

By Arthur Sandles

IN MICHIGAN they are watching World at War; in Brisbane, Robin's Nest is making them laugh; and in Hungary the Sweeney is popular. Throughout the world Thames Television programme exports produced about £3.7m in the year to end-June, a 22 per cent rise on the previous year.

TTI, the overseas sales subsidiary of Thames Television, produced figures yesterday showing that Australia remains the prime market for its products, taking more than £1m worth of programmes in 12 months.

In the year, about 7,000 hours of programming was sold abroad, and Thames hopes to increase this in the coming year. A major development has been the increasing demand for British comedy, in foreign languages.

At the same time, some British formats (the programmes scripts, but not the video-tape itself) have been sold to the U.S.

Terry Kirk

Mr. James Callaghan (above) listens impassively to a speech by Mrs. Margaret Thatcher after he opened the exhibition A Right to Vote, which celebrates 50 years of women's suffrage, at Westminster Hall, London.

In reply, the Prime Minister paid generous compliment to his political rival. "She has broken new and hallowed ground by becoming Leader of the Opposition," he said. "It is a remarkable personal achievement."

But he made no reference to her future career prospects in politics.

Clothes to cost 15-30% more

BY OUR CONSUMER AFFAIRS CORRESPONDENT

RETAILERS SAID yesterday that the prices of some clothes would rise by up to 30 per cent as a result of the import quotas in the new multi-fibre agreement.

A delegation from the Retail Consortium told the Department of Trade that as a direct result of the quotas, shirt prices would rise by 25 per cent early next year, anoraks by 25-30 per cent and knitwear from 15 to 20 per cent.

The consortium, which represents most British retailers, also predicted that children's clothing would become increasingly expensive.

Manufacturers, tied to the very tight quota restriction imposed by the multi-fibre agreement, would be loath to use their quotas on producing relatively inexpensive children's garments.

It agreed that the multi-fibre agreement, which is to run for four years, might provide some opportunities for British manufacturers to take advantage of the gap in the market, but said it would do nothing for shop prices as costs in the UK were so high.

Foundries can claim £12m aid

BY OUR INDUSTRIAL EDITOR

THE GOVERNMENT has funds totalling nearly £12m to allocate to companies in the non-ferrous foundry industry, under a selctiv eaid scheme which expires at the end of this month.

Yesterday the Department of Industry said that, of £20m allocated to the non-ferrous foundry scheme in January last year, only 103 applications involving £8.1m of assistance have so far been approved.

A further 60 applications involving £6m assistance are now under consideration, and more applications for aid are expected after discusions the Department has been having with 43 companies.

The scheme is designed to encourage the industry to invest and so improve its efficiency through modernisation. Applications for aid have to be delivered to the Department by July 31.

Nature reserve

ABOUT 789 acres of Surrey heathland on Thursley, Ockley and Rodborough Commons, bought by the Nature Conservancy Council, was named by the Council yesterday as Thursley National Nature Reserve.

Consultants in bid to salvage Singer

BY JOHN LLOYD

CONSULTANTS have begun a study of the Singer operation in Clydebank to determine whether or not an alternative strategy can be drawn up which will avoid the need for some or all of the 2,800 redundancies which the company wants to make over the next four years.

The Singer unions have asked three consultants—PA Consultants, PE Management Consultants and Urwick Orr Consultants—to make proposals to them. A choice between the proposals will be made when the workers return from holiday in three weeks.

Mr. John Barry, regional manager of PE Consultants, said yesterday that the Singer management had proved "very helpful and friendly" during an exploratory meeting. The company had obviously been very thorough in its planning.

"However, there may be opportunities of, for example, continuing to produce the electric motors which Singer makes for markets other than the sewing machine one."

The Scottish National Party yeserday proposed the establishment of an oil development fund which could "ensure that Singer products will still be manufactured in Clydebank years from now."

Mr. Douglas Henderson, SNP expert on employment, said that it was possible that Singer intended to close down the plant entirely.

"No one can convince me that the derisory £8m investment Singer is willing to put into the factory represents a long-term desire to stay. About £2m of that will disappear in redundancy payments for a start."

The Oil Development Fund would match the Singer investment in return for a promise from the company that its next new product would be manufactured in Clydebank.

Site row 'not our business' says Shore

By John Brennan, Property Correspondent

IN AN UNUSUALLY op recognition of local pu opposition to a property devel ment, Mr. Peter Shore, Secret for the Environment, said yest day that plans for "redevel ment" of the City centre St. Albans, Herts, were a mat for the local authority, central Government.

Mr. Shore's statement co three days before a sub-c mittee of St. Albans Distr Council discusses the cont versial plans submitted Samuel Properties for £13m-plus, 266,000 sq ft development of the city centr

Fierce opposition to the pl resulted in direct represen tions to the Environme Minister, and in a councillo call for an extraordinary au of the District Council's accoun

But in a confirmation of t Department's policy on lo planning matters, the Depa ment said yesterday that thou its officials were ready to gi advice, or any help they cou on procedural matters, "this a matter entirely for t council."

Work with West, OPEC urged

BY SUE CAMERON

A CALL for the Organisation of Petroleum Exporting Countries and the Organisation for Economic Co-operation and Development to bury their differences and set up a joint agency to help Third World nations is made by two leading energy economists in a book published yesterday.

Professor Peter Odell, adviser to the Department of Energy and head of the Economic and Social Geography Institute at Erasmus University, Rotterdam, and Dr. Luis Vallenilla, a Venezuelan businessman, say that members of OPEC and OECD should give the agency funds of £8.6bn or $16bn a year.

In their book, the The Pressures of Oil: A Strategy for Economic Revival, they say that the money should be used to meet the trade deficits of Third World countries and to finance the exploitation of their energy resources.

Although OPEC and OECD were interdependent, the relationship between them is uneasy at present. The main reason for this is that the old established OECD nations resent the way in which OPEC has been able to challenge their traditional political and economic supremacy in the West.

Any attempt to break up OPEC would almost certainly lead to political instability which would not be in the interests of either the OECD nations or the oil-exporting countries themselves.

"We would argue that both the OECD and OPEC groups have a vested interest in preserving the Western capitalist system. Within the framework of such a fundamental common interest, the contemporary conflict between the groups can be interpreted as representing the process of adjustment necessary following the revolution in which the latter group fought its way out of one-sided dependency into a mutually interdependent status."

Both organisations were also dependent on the Third World nations which were now looking for massive improvements in their standards of living. These less developed countries had been much encouraged by the success of OPEC.

"It is not in the political or the economic interests of the Western system to see these hopes dashed—as well they might be if OPEC and OECD continue to conflict rather than co-operate with each other.

"Partly for these political reasons and partly for equally good economic reasons—most notably that of the continued expansion of the markets needed to absorb the increasing productivity of Western industry—the OECD countries also need the Third World in order to survive."

The setting up of a joint agency to help the poorer oil importing countries would not only strengthen the Western system, but could also start an upward spiralling of the whole Western economy, the book claims.

● *The Pressures of Oil: A Strategy for Economic Revival; by Peter R. Odel and Luis Vallenilla; Harper and Row, 28 Tavistock Street, London WC 2E 7PN; £5.95.*

Board makes payments on Capital Annuities

BY ERIC SHORT

THE Policyholders Protection Board paid out almost £500,000 in the year to the end of March to policyholders in Capital Annuities, the life company which has been in provisional liquidation since April 30, 1976.

The payments were made pending a decision on the future of the company. The Board has been paying at a level of 70 per cent of the contractual level, consisting mainly of annuity payments.

The Board was set up under the Policyholders Protection Act, 1975, to administer the provisions of that Act, which guarantees that policyholders in failed insurance companies will receive at least 90 per cent of benefits under insurance contracts. This is financed by levies on insurance companies.

The Board's annual report, just issued, pointed out that the attempts to run Capital Annuities as a closed fund had failed, and there was no alternative to liquidation.

From May 1978 the Board had brought payments under this interim scheme up to 90 per cent and would top up back payments already made at a cost of £500,000.

In addition, the Board expects a call next month for £1½m from the Norwich Union as managers of Fidelity Life Assurance, a life company being run off as a closed fund, whose cash flow is guaranteed by the Board.

The report pointed out that no levies from insurance companies were made in the year under review, the financing coming from the Board's own funds left over from a previous levy and borrowed money.

A warning is given that further cash will be required, although the Board has sufficient overdraft facilities to ensure that no levy need be called until a reliable estimate of financial requirements can be made.

The intention is to give life companies as much notice as possible regarding the amount and purpose of any future levy.

HOME CONTRACTS

Stands for Glasgow Rangers

A contract worth more than £4m that will make Glasgow Rangers' Ibrox Park one of Europe's top football grounds has been awarded to TAYLOR WOODROW Construction (Scotland). First phase of construction, taking 18 months, consists of two new stands. Each stand will have 7,500 polypropylene seats and on completion of the contract the ground will seat 42,000, with 5,000 standing.

★

HADEN YOUNG has been awarded a £2.2m contract to design and install engineering services in Leyland's new Bus and Truck assembly plant. The company also has a £450,000 contract to instal all mechanical and public health services in the new extension to the head office of John Laing Construction, Mill Hill, London.

★

Orders for two of ICL's newest computers, worth a total of £530,000, have come from Derbyshire. Derby City Council has ordered a medium range 2950 computer and the nearby Amber Valley District Council has ordered the smaller 2904/50. Derby's machine, valued at £370,000 and due to be installed in September, has 12 terminals connected to the central computer and applications include house rents, housing management, building regulations and planning applications. Amber Valley District Council's computer will enable the council to develop on-line applications handling rates, rents, housing advances and financial information systems. Further growth in financial and non-financial applications is envisaged.

★

Re-surfacing a four mile length of the M1 Motorway in Nottinghamshire and Derbyshire has started and will take about four months to complete. Costing around £376,000, the work is being carried out by WIMPEY ASPHALT between junction 27 at Felley and junction 28 at Pinxton. All six lanes will be re-surfaced. During the operation contra-flow traffic movement arrangements will be in force.

★

The Gas Council has ordered a further year's supply of plastics moulded meter boxes from the moulding division of BRITISH INDUSTRIAL PLASTICS (a Turner and Newall company). Moulded from glass reinforced polyester, the box is built into the wall of a domestic dwelling and contains the gas meter and ancillary equipment in a weatherproof compartment. BIP says it has been supplying the bulk of the Gas Council's requirements since last summer. The new contract, worth about £400,000 started on July 1.

★

The team of HONEYWELL and DAVID BROWN-VOSPER (OFFSHORE) has a contract, believed to be worth about £500,000, for a dual micro automatic station keeping (ASK) system to be installed on a new Sedco/Occidental petroleum semi-submersible support vessel. This craft, which will cover a range of functions from fire fighting and emergency evacuation to personnel accommodation, will use the ASK system to maintain its position without dropping anchors. It can also use the system to track submersibles during pipeline surveys.

European small companies union to be launched

BY OUR INDUSTRIAL EDITOR

AN INAUGURAL congress of a new European organisation covering political parties with special interests in small companies is to be held in November, probably in Brussels.

The organisation is the European Medium and Small Business Union, whose British affiliate is the Conservative Party's Small Business Bureau.

It was formed recently after a series of meetings in Rome and London and aims eventually at creating a special group in the European Parliament after next year's direct elections.

The union says that it represents "groups within European political parties of the centre and moderate right concerned with small and independent businesses, professional people, farmers, artisans, craftsmen and the self-employed."

The political parties involved include Christian Democrats in Austria, Belgium, Germany and Italy, and representatives of Gaullist, Giscardian and Lecanuet groups in France.

The organisation's president is M. Van Den Boeynants, Vice-Premier of Belgium, and its main British delegate is Mr. David Mitchell, MP for Basingstoke, who heads the Conservative Small Business Bureau.

Biggest sewage plant in Europe opened by Shor

THE BIGGEST sewage treatme works in Europe was open yesterday by Mr. Peter Sho Environment Secretary. It is Beckton, in the East End London.

The works treats sewage fro nearly 3m people in a 108-squar mile area north of the Thame It was inauguration of the late £25m extensions that made largest in Europe.

Mr. Shore congratulated t Thames Water Authority and i predecessors on foresight i planning ahead, and faith i starting on such a large project

"I can recall no contrast great as the River Thames in th 1970s and the River Rhine whe it runs through the Germa capital city of Bonn," he sai "The Rhine stinks."

£30,000 paid for royal head

SALEROOM

BY ANTONY THORNCROFT

AFTER THE excitements of last week, salerooms returned to normal yesterday. Even so, Sotheby's managed some high prices in an antiquities and primitive art sale which totalled £262,005. The top price, and well above forecast, was the £30,000 paid for an Egyptian red glass paste Royal male head which was brought into Sotheby's with a box of rubbish, the owner having no idea of its value.

A printed book sale made £29,981 with a best price of £1,500 from Quarritch for a copy of Goedaerdt's "Metamorphosis." French paperweights brought in £156,183. A rare three-dimensional flower weight of St. Louis manufacture sold for £7,500.

There was an important auction of Continental porcelain at Christie's which realised £183,726. Adams Antiques paid £8,500 for a pair of Meissen crinoline figures modelled by Kandler while an early Meissen gold Chinese tankard and cover sold for £8,000. An early Meissen deckelpokal fetched £7,000 and Winifred Williams gave £5,500 for a Vincennes cream jug and cover of around 1750. All lots carry a 10 per cent buyer's premium.

A sale of Chinese jade, and snuff bottles at Christie's made £30,916, with Ashkanazi, the U.S. dealer, paying the day's top pric of £2,400 for a mottled spinach green jade circular table scree from the mid-18th century.

The same dealer, who was a active purchaser throughout th sale, paid £1,800 for a mottle greyish celadon and pale brow jade incense burner with dome cover, and Weisbrod and Dy, th London dealer, paid £1,400 fo a dark celadon and brown jad tripod incense burner wit domed cover.

In a Phillips' sale of print which realised £19,023 (6 pe cent unsold) an anonymou London dealer paid £3,200 for a set of four aquatints by John Harris of "Scenes on the Road" or "A Trip to Epsom and Back," after James Pollard and originally published by Ackermann in 1838.

HOME NEWS

Councils fight central control

BY DAVID CHURCHILL

LOCAL AUTHORITY associations are completing a list of specific objections they have to growing Whitehall intervention in local government.

The objections will be given to Mr. Peter Shore, Environment Secretary, and other ministers at a meeting this month. Ministers hope the meeting will take some heat out of the feeling by local authorities, that their traditional independence is being stifled.

The associations, all Conservative-controlled, as a result of the recent local elections, are preparing for the row to become an election issue.

Mrs. Margaret Thatcher, Conservative leader, has given a firm promise "to review as a matter of urgency every Whitehall circular and rule governing local authority activities.

"It is time-wasting and pound-wasting for central government to spend so much time looking over local authority shoulders," she said.

Instructions

The Community Land Act, for example, had produced 111 official instructions to local authorities on how the Act should work.

The Government hopes to find out which controls most annoy local authorities and to relax some of them.

Authorities are particularly concerned over Whitehall attempts to control council expenditure on housing, education and the social services. They say that the extent of such expenditure can be properly determined only at local level.

A recent report from the Central Policy Review Staff, the Government "Think Tank," considered that relationships between central and local government could be helped by establishing a "friend at court."

A specific Minister or Department should be given the job of ensuring that there was "a more informal, continuous two-way flow of communication between central and local government outside the existing channels related to particular services."

May retail spending 1.5% up on April after revision

BY DAVID FREUD

OFFICIAL FIGURES for spending in the shops in May have been revised downwards, although it remained well above previous levels.

The steady growth in consumer spending was reinforced by a sustained rise in sales on hire purchase.

The Department of Trade said yesterday that the final index of the volume of retail trade in May was 108.4 (1970=100, seasonally adjusted). That was rather lower than the provisional estimate of 109, although 1.5 per cent higher than in April.

The figures support retailers' expectations of buoyant consumer expenditure building up this year. In March-May retail sales were 0.9 per cent above the level of the previous three months and 3.6 per cent above the average for last year.

Mr. Richard Weir of the Retail Consortium, which represents about nine tenths of UK retail outlets, said the figures were in line with earlier projections of a 5 per cent increase in sales this year over the previous year.

The only retail sector to show a decline was durable goods, which were 2 per cent down in March-May on the previous three months. However, the sector had seen the strongest growth earlier in the year, so the decline was from a high level.

Retailers believe there is much repressed demand for durable goods after two years of restraint. Since demand in that area is highly price-sensitive there might be a further surge in spending in the summer sales.

New instalment credit advanced by finance houses and retailers was £417m. in May after allowing for seasonal factors. In March-May advances were 7 per cent. higher than in the previous three months.

HIRE PURCHASE CREDIT AND RETAIL SALES
(Seasonally adjusted)

	New credit extended by		Total debt outstanding (unadjusted)	Retail volume (revised)	
	Finance Houses £m	Retailers £m	£m	Total (1970=100)	Durable goods shops
1976 1st	340	493	2,349	105.9	117
2nd	382	490	2,424	106.9	122
3rd	392	521	2,516	107.3	125
4th	421	547	2,716	105.9	124
1977 1st	457	550	2,792	103.3	116
2nd	486	561	2,930	102.5	118
3rd	544	605	3,108	104.3	121
4th	585	604	3,341	104.4	121
1978 1st	626	634	3,507	106.3	125
January	213	216	3,378	104.9	129
February	201	217	3,429	106.8	130
March	212	201	3,507	107.0	117
April	231	232	3,594	106.7	132
May	243	228	3,689	108.4	126

Source: Department of Trade

Lager made stronger as competition rises

BY KENNETH GOODING

COURAGE HAS increased the gravity of Hofmeister, the lager it launched a year ago, from 1,032 to 1,036 degrees with no compensating price increase. *The move provides* another illustration of how competition is increasing in the lager market.

The change will cost Courage about 1p a pint because duty is paid according to a beer's gravity. A higher gravity is usually reflected in a higher alcohol content in the finished beer.

The alteration has been hinted at in a circular about the Imperial Group, Courage's parent organisation, by Mr. Colin Mitchell of stockbrokers Buckmaster and Moore. He says Allied Breweries followed a similar policy with Skol some years ago "with reasonable success."

Courage does not believe, as do some City observers, that the change will put pressure on other brewers to increase the gravity of their lagers. Among the top-selling lagers, for example, Heineken and Harp Pilsner are 1.032 degrees, and Carlsberg Pilsner and Tuborg Pilsner are 1.030 degrees.

However, if retail prices start to reflect the lower duty paid by the lower-gravity lagers, margins of profit must suffer.

Lager has increased its share of the total beer market in Britain from less than 10 per cent to about 25 per cent since 1970 and in the past two years there has been a rush to put new brands on sale.

The brewers have also invested heavily in new lager plant and there are suggestions that it will result in over-capacity in two or three years.

The theory is that profit margins will suffer again during over-capacity because some brewers would probably discount their prices to keep up volume.

Sugar price going up by 2p a kilo

Financial Times Reporter

SUGAR PRICES may rise in some independent grocery shops this week as a result of decisions taken in Brussels this year.

A 2 per cent rise as part of the EEC's annual farm price review and a 7½ per cent devaluation of the green pound, sterling's agricultural exchange rate, will add about 2p to the retail price of a kilo of sugar.

The changes took effect on Saturday. Prices in some small shops will rise almost immediately but most multiple stores will be able to hold prices down for two weeks or more.

A gradual rise in retail prices for butter is also expected to begin working through in the next fortnight. Large stocks have protected the market from the £32-a-tonne cut in the EEC subsidy on British butter sales implemented in mid-May, but they are running out.

Forty years on

WORK began yesterday on a new £1m by-pass at Little Houghton, Northamptonshire, nearly 40 years after the route was first pegged out. The village includes many listed buildings.

Decline in papermaking continues

BY MAX WILKINSON

PRODUCTION of paper and board in Britain continues to show a decline in spite of a general improvement in market conditions in Europe as a whole.

Latest figures from the British Paper and Board Industry Federation show that production in the first four months of the year was 4.6 per cent down on last year.

The worst falls were in the production of kraft wrappings (down 12.4 per cent), boards for industrial and special purposes (down 10.5 per cent) and other boards (down 14.4 per cent). The smallest decline was in the production of printing and writing paper and boards, the output of which was less than 1 per cent lower than in the equivalent period last year.

The disappointing figures have to be seen against the fact that the beginning of last year was marked by a mini-boom in production, which petered out towards the middle of the year. The present rather depressed levels of production do not, therefore, appear to be very much out of line with figures for last year taken as a whole.

On the other hand, Scandinavian producers, which have suffered badly from the depressed trading conditions, are reporting a steady, if unspectacular, improvement in the European market.

Mr. Bo Wergens, managing director of the Swedish Pulp and Paper Association, said in London last week that he expected mills would be working nearer to full capacity in the second half of the year.

Swedish exports

An association bulletin says that the Swedish paper and paperboard's production in January to May this year reached 2.36m tonnes, an increase of 12 per cent over production in the same period last year.

Even more significantly from the British manufacturers' point of view, Swedish exports in January to May 1978, increased by 18 per cent to a total of 1.68m tonnes.

The improvement in exports was divided about equally between shipments to Europe and deliveries to other countries.

Underlying the improvement of the European paper market is a hardening of pulp prices and a decrease of pulp stocks to what are described as "normal levels."

Scandinavian producers have been helped by the improvement of the U.S. market which is absorbing most of the North American mills' capacity. The pressure of American exports of cheap pulp and liner papers to Europe therefore, has tended to ease.

Deliveries of Swedish chemical pulp between January and May totalled 1.67m tonnes, an increase of 22 per cent over the same period last year. This increase represents a successful effort by Swedish manufacturers to recover some of the market share in Europe which they lost to the North Americans in 1975 and 1976.

Market share

The Swedish share of the European Market is now about 36 per cent, compared with a peak of 42 per cent. Finnish producers have about 15 per cent of the *European pulp market.*

Pulp stocks in Sweden have been reduced to about 570,000 tonnes compared with the peak of 1.3m to 1.4m tonnes during the worst period of the market. In anticipation of price increases, paper manufacturers have been increasing their stocks.

As a result of the more favourable market, Scandinavian producers have been able to increase the price of pulp by $10 to $20 a tonne. Prices now being quoted are $340 for long-fibred bleached sulphate pulp, $325 for bleached sulphite pulp and $320 for birchwood pulp.

The prices apply only to deliveries during the third quarter of 1978.

After that, there is a general hope among producers that they will be able to raise prices again.

The present price level is still considered inadequate by Scandinavian pulp producers, who say they would need to sell at $360 to $370 (for long-fibre pulp) to break even.

The general upward trend of pulp prices will be unwelcome to British paper manufacturers who depend overwhelmingly on imported pulp, particularly for the manufacture of fine papers.

British producers are once again facing the familiar squeeze between increasing pulp prices and a downward pressure on the price of finished papers from Continental and Scandinavian competitors.

THE JOBS COLUMN

Banking best bet in five-figure pay stakes

BY MICHAEL DIXON

TODAY THE Jobs Column brings you the "First Division league table" of salaried jobs in central London. It comes by courtesy of Lloyd Incomes Research, and suggests that ambitious youngsters around the capital could hardly be considered daft for preferring to join City-type institutions than general industrial and commercial concerns.

The table has been extracted from Lloyd's report on a survey of 149 companies in the City and central London postal areas, conducted in March and early April. Of these organisations' 107,499 employees, 4,636 fitted one of the 72 detailed specifications of middling to senior jobs which research manager Josette O'Brien and her team were investigating.

Any concern wanting the precise results, and which did not take part in the survey, will have to pay a cool £75 for the full report—New Earnings in the City '78, available from Mrs. O'Brien at 72-74, Brewer Street, London W1R 4DA; telephone 01-437 2427.

But for the benefit of Jobs Column readers, I have been allowed to publish a ranking of all the jobs shown by the survey to have salary prospects of £10,000 a year or more. (If you imagine the people in each category ranked from highest to lowest paid, the upper quartile represents the salary of the person a quarter of the way down, the median that of the one in the middle, and the lower quartile the pay of whoever is threequarters down.)

This suggests that, if a five-figure pay check is the aim, banking is by far the best bet. For the record, about 42 per cent of the 41 jobs in the table are in the banking sector, including the six with the highest maximums. Insurance comes second with 34 per cent, general industry and commerce third with 17 per cent.

Professional accountancy firms in the survey, which covered 937 of their staff, were found to include only three types of salaried jobs with five-figure prospects. The reason is probably the big accountants' habit of picking the few staff they want to keep at an early age and leaving the rest to be gobbled up by external employers.

Now to the question of perks. The "bonuses" indicated in the table's penultimate column cover incentive schemes of all kinds, but do not include overtime pay. The latter is provided, incidentally, by 78 per cent of the accountancy firms mostly at time-and-a-half; by 71 per cent of the insurance companies and by 59 per cent of the banks.

By contrast, only 40 per cent of the industrial and commercial companies studied paid overtime to their managerial and associated staff.

Indeed, with the exceptions of subsidised canteens and loans for season tickets for travel to and from work, the fringe benefits offered by general business organisations seemed also to be uncompetitive with the perks generally available elsewhere.

BANKING, INSURANCE, ACCOUNTANCY, AND GENERAL INDUSTRY AND COMMERCE IN CENTRAL LONDON AND THE CITY

Sector	Job-title	Annual salary in £: Minimum	Lower quartile	Median	Upper quartile	Maximum	Percentage of category with: "Bonuses" over 10% of salary	Company cars
Bkg.	Credit manager	4,700	9,000	11,000	16,500	25,000	4	64
Bkg.	Foreign exchange chief dealer	7,000	10,551	12,744	15,000	22,000	13	34
Bkg.	Money manager	2,200	11,000	15,000	17,000	21,527	18	35
Bkg.	Corporate finance executive	8,000	8,000	9,000	13,500	21,000	8	47
Bkg.	Investment manager	4,000	7,000	8,000	10,000	20,000	—	32
Bkg.	Accountant	2,760	6,250	8,000	9,500	20,000	9	28
Ins.	Underwriting manager	5,500	8,000	8,100	10,000	18,500	3	20
Ind.	Chief accountant	5,950	7,500	9,000	10,000	18,366	4	42
Ind.	General sales manager	7,000	7,500	8,500	9,000	18,000	8	51
Bkg.	Operations manager (admin.)	5,840	9,000	10,000	12,000	16,500	12	52
Ind.	Board director—finance	5,000	10,000	12,000	13,000	16,000	—	90
Ins.	Senior underwriter	4,500	6,000	6,500	7,500	16,000	2	14
Bkg.	Loans officer	4,000	6,500	8,000	10,500	15,677	6	30
Ins.	Underwriter	3,100	4,400	5,000	6,000	15,600	—	11
Bkg.	Personnel manager	3,700	6,500	9,000	11,000	15,190	15	20
Acc.	Salaried partner	6,500	7,500	9,000	10,000	15,000	13	47
Bkg.	Sterling dealer	3,000	5,300	7,000	8,500	15,000	3	15
Bkg.	Loans administrator	3,000	4,000	6,000	6,500	14,661	16	3
Ins.	Estate/tax planner	5,000	5,000	8,250	12,500	14,500	—	75
Ins.	Non-marine manager	5,500	7,250	7,500	10,000	14,430	—	48
Ind.	Board director—marketing	3,000	11,000	12,000	13,000	14,000	3	86
Bkg.	Credit analyst	3,250	5,100	6,000	7,000	13,800	18	8
Ins.	Motor manager	3,000	5,500	6,000	8,500	13,176	—	76
Ins.	Agency manager	4,400	8,026	9,000	10,250	13,000	15	62
Ind.	Personnel manager	5,000	6,000	6,500	7,000	13,000	3	6
Bkg.	Securities clerk	2,000	2,836	4,000	5,050	13,000	1	4
Ins.	Life manager	3,100	6,300	8,800	10,000	12,900	32	56
Ins.	Data-processing manager	4,500	7,000	7,550	9,750	12,500	14	21
Bkg.	Corporate finance assistant	4,000	5,000	6,500	7,500	12,500	—	13
Ins.	Pensions planner	4,730	4,730	4,730	7,383	12,500	4	12
Bkg.	Data processing manager	5,200	5,500	7,800	9,500	12,000	11	21
Bkg.	Instructions clerk	2,120	3,100	3,600	4,500	11,910	2	9
Acc.	Group manager	6,000	8,200	9,000	9,500	11,000	—	—
Ins.	Personnel manager	4,000	6,000	8,500	9,500	11,000	6	35
Ind.	Company secretary	5,000	6,600	8,000	8,500	11,000	—	35
Ind.	Management accountant	5,550	8,000	8,000	8,352	11,000	15	35
Bkg.	Investment analyst	3,762	5,000	8,000	9,000	10,500	—	6
Ins.	Reinsurance accountant	3,500	5,500	6,000	7,850	10,500	—	4
Acc.	Manager	4,000	6,000	7,000	7,500	10,000	7	1
Ins.	Account servicer	3,000	3,300	5,000	5,930	10,000	—	7
Ins.	Life consultant	3,750	4,500	4,500	5,750	10,000	14	76

Bkg.—Banking Ins.—Insurance Ind.—General industry and commerce Acc.—Accountancy

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LABOUR NEWS

Unions push harder for 35-hour week

BY PAULINE CLARK, LABOUR STAFF

TWO OF Britain's biggest industrial unions are increasing pressure for a shorter working week.

The General and Municipal Workers' Union said yesterday that a demand for a 35-hour week in Pilkington Brothers Glass Group marked the launch of an intensive campaign on the issue among Britain's biggest employers. The demand is being pressed in pay talks for 10,000 manual workers.

Like the GMWU, the Transport and General Workers' Union has decided to pursue its similar 35-hour-week claim after a pay settlement has been reached for 45,000 process workers in ICI.

Joint talks between management and unions on the 35-hour week *in ICI* are planned for July 31, when the union negotiators hope to find their position strengthened by the expiry of Phase Three of the Government's pay policy.

Unions hope that, from that date, the working week can be cut without penalty in wage settlements.

Mr. David Basnett, general secretary of the GMWU and chairman of the TUC, has called for a drive for a cut in the working week without loss of pay. He has accorded that top priority in negotiations in the year from July.

At the union's annual conference last month he made clear that the Government's agreement to that and other social priorities was essential if unions were informally to accept a further period of pay restraint.

Mr. David Warburton, national industrial officer for the union's chemical rubber and glass sections, said yesterday a "comprehensive case" for a 35-hour week had been presented to Pilkington. Similar initiatives were likely to follow in the chemical and rubber industries.

He observed that unemployment was exceptionally high in the North-west but said the campaign was not related to that alone. "It is a fundamental aim, irrespective of current job difficulties."

He added that while employers were likely to argue as before that it was never the right time to reduce the working week, of immediate concern was the "unacceptable level of overtime working at a time when thousands of our skilled, semi-skilled and general members are on the dole queue."

Pilkington says it will reply in detail to the claim. It declined yesterday to give estimates of the cost of a reduced working week to a continuous process industry such as glass-making, pending the conclusion of the Phase Three deal.

A pay settlement for manual workers in ICI within the 10 per cent guideline is expected shortly in spite of a demand by shift workers for full consolidation of the past two years' pay supplements.

The TGWU said in its monthly *journal, TGWU Record*, yesterday that it believed urgent action was needed on unemployment.

It accused employers' launching a campaign against the 35-hour week to scare the country into doing nothing about unemployment. Cutting hours would create 750,000 new jobs, unions believed, and a return to free collective bargaining would be "vitally important" in bringing it about.

Coventry and Linwood disputes halt Chrysler car assembly

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

INDUSTRIAL disputes brought all Chrysler U.K. car assembly to a halt last night.

The company lad off 1,400 workers at the Ryton assembly plant, Coventry, after a decision by leaders of 350 striking toolmakers to ignore a return-to-work appeal.

The toolmakers walked out on Friday in support of a demand for improved differentials. Their action had already caused 350 lay-offs at the Stoke engine factory, Coventry. More workers are expected to be made idle today.

At the Linwood plant, in Scotland, there is no sign of a break in the strike by 550 painters which brought production to a standstill last Thursday. About 5,000 production workers have been put out of work.

The Advisory Conciliation and Arbitration Service is trying to find common ground in the dispute, which is about painters' rest breaks.

However, talks yesterday between the Linwood management and the ACAS Scottish office ended in deadlock.

The Coventry toolmakers are taking an obstinate stand, in *spite of the fact that some 6,000* manual workers at Chrysler's Coventry plant voted at mass meetings on Friday to accept a 10 per cent. pay deal.

—Efforts by union officials and management to persuade the toolmakers that preferential treatment for them would place the company in breach of the Government's pay guidelines have failed.

The toolmakers' leaders were urged by their union, the Amalgamated Union of Engineering Workers, yesterday to call off their action pending the outcome of a specially convened conference at national level.

They refused, but will attend the meeting, in Coventry tomorrow. Mr. Terry Duffy, president-elect of the union, is expected to attend.

Productivity at Linwood is causing concern both in Whitehall and in the U.S. parent company. Mr. Eugene Cafiero, deputy managing director of Chrysler in Detroit, has said that consistent achievement of programme levels and production is "vital to the viability of Chrysler UK."

Production has fallen dramatically to less than 70 per cent of target, compared with the encouraging levels of about 90 per cent earlier this year.

Performance at Linwood is the key to whether the UK operation can be made profitable. The company has told Linwood shop stewards that they must achieve satisfactory output levels for any investment in a new model at the plant to be justified in the early 1980s.

Against a background of mounting industrial relations problems Chrysler unions and management met Department of Industry officials in Coventry yesterday to approve the final draft of a planning agreement.

The agreement has been forwarded to Mr. Eric Varley, the Industry Secretary, who is expected to sign it in the next few weeks.

Chrysler remains the only company to have entered into a planning agreement, despite the fact that the present Government made such arrangements a central feature of its industrial policy in the 1974 election campaign.

Industrial civil servants reject 10% rise

By Philip Bassett, Labour Staff

LEADERS of 183,000 industrial civil servants, one of the largest groups of workers still to settle under Stage Three of the Government's pay policy, again rejected yesterday a 10 per cent pay offer.

No date has been set for talks to resume with the Government on the deal. Industrial action has already taken place over the claim, and Mr. Mick Martin, public services' national secretary of the Transport and General Workers Union, warned yesterday that it could now intensify.

The Government's first pay offer, which the unions involved rejected as "derisory," emphasised the restoration of craft differentials, giving greater increases to higher-paid workers.

Yesterday the unions rejected a second offer, which would have provided an overall net increase of £1.10, giving a new basic rate of £36.60, which with supplements from stages one and two would take the rate to £45.60. Consolidation of the supplements, which was included in the first offer, was not offered yesterday.

The Government also offered introduction of a pay research system to provide comparisons with private industry, similar to that being reintroduced for the non-industrial civil servants. The findings of any pay research would be subject to any pay policy then in force.

Assurances

The offer, though, did not introduce the commitments the unions wanted on comparisons with manufacturing industry or on the introduction of four weeks' holiday a year.

Mr. Martin said yesterday that the unions would want the sort of assurances on pay made to *the police, firemen, teachers and* armed forces.

Industrial action on the pay claim took place yesterday as the offer was made. Nine hundred workers at an Enfield small arms factory came out in a one-day stoppage, and 1,000 workers at the Farnborough Royal aircraft establishment also came out.

Portsmouth Dockyard has already had a one-day stoppage by 6,000 workers on the claim, and an overtime ban. The Clyde nuclear submarine base has had a 24-hour strike, and 4,000 workers walked out at Chatham on Friday.

Journalists step up action

A WORK-TO-RULE by members of the National Union of Journalists chapel (office branch) of the Press Association, Britain's national news agency, was intensified yesterday.

The action, in support of a pay claim, includes taking meal breaks at specified times.

Management has offered a 10 per cent increase, consideration of a possible productivity deal, and an examination of the staff grading structure.

A meeting of chapel fathers (chairmen) from most Fleet Street newspapers endorsed an instruction issued by the union's National Newspaper's Industrial Council supporting the PA chapel and telling members not to originate or process any news or pictures normally supplied by PA.

Higher pay urged for home workers

BY PHILIP BASSETT, LABOUR STAFF

THE National Union of Public Employees yesterday launched a major campaign against low pay as the Low Pay Unit pressure group issued details of the "universally low" pay of home workers and called for action from trade unions and the Government.

This month the 25,000 stewards and branch officers of NUPE will plan the campaign, backed by posters, stickers, films and tapes. In September the 700,000-strong union will hold public rallies in London and other cities.

The campaign will press for negotiations in the next wage round to take special note of low-paid workers; *for a commitment* from the Labour party on anti-low pay measures, which should be included in the party's election manifesto; and for the TUC target of a minimum wage. The union has a £60 a week minimum wage target for 1978.

Mr. Alan Fisher, general secretary of NUPE, said many groups of workers were paid "scandalously low" wages, particularly in agriculture, the hotel, catering and retailing industries, and the civil service.

Westminster catering talks

ANXIOUS MPs heard yesterday that some progress had been made towards settling the pensions dispute which has caused lightning closures of Westminster catering facilities.

The Leader of the Commons, Mr. Michael Foot, said talks had taken place with union representatives on Friday. He hoped that further discussions would achieve a successful solution and remove the sense of grievance felt over the lack of a pension scheme.

Mr. Foot regretted the inconvenience caused by the two one-day strikes by catering staff last week.

Vintage performance by Nastase

TENNIS

BY JOHN BARRETT

PLAY AT WIMBLEDON again started two hours earlier than usual, at noon, in an attempt to reduce the backlog of some 90 matches, but again it was a rainswept day. At the end of it both singles were down to the quarter-final stage, but many doubles matches were uncompleted.

Turning back the clock to 1972, the year he lost magnificently to Stan Smith (U.S.) in the final, the gifted 31-year-old Romanian Ilie Nastase, seeded No. 9, conjured his way into the quarter-finals for the third time on the Centre Court yesterday, with a 2—6, 6—4, 6—2, 6—3 win over the No. 6 seed, Roscoe Tanner (U.S.).

It was a vintage performance from one of the game's most popular artists who, outgunned at first, contained the left-handed American's power with a mixture of deft cross-court passes, teasing lobs and flashing drives.

The match ended on a disputed call when Tanner's second service on Nastase's fourth match-point was called a fault despite the puff of chalk. Ironically, Nastase agreed that the serve had been good—but the referee, Fred Hoyles, called to the court by umpire Peter Arnot at Tanner's request, upheld the linesman's decision.

The Romanian, who had behaved well throughout the match, later learned that he had *been reported for bad language* during his first-day match against South Africa's John Yuill. The referee has recommended a fine of $250.

Let us hope that this reproof will not divert the Romanian to-day from his current high *form when he plays Tom Okker* of Holland, the only unseeded survivor, who yesterday beat the the 29-year-old American Tom Leonard 6—1, 9—8, 6—1.

The British singles challenge at Wimbledon was reduced to one yesterday—the familiar figure of the defending women's champion, Virginia Wade. Facing the she had to work hard for her 7—5, 6—4 victory.

She sprinted into a 4—0 lead in the first set only to be halted dramatically in her tracks as the blonde American, younger sister of the No. 3 men's seed, Vitas *Gerulaitis, reeled off the next* five games at a cost of only eight points.

But Miss Wade (who was yesterday elected an underwriting member of Lloyds') struck back boldly for three successive games and the set.

She maintained her momentum, breaking the American at the start of the second set, and that was just enough to see her home.

Miss Wade's hopes of retaining her title received a boost when she learned that her quarter-final opponent will be Mima Jausovec and not the seventh seed, Wendy Turnbull, as expected. The little Yugoslav pulled off a fine 8—6, 4—6, 6—3 win over Miss Turnbull, who had beaten Miss Wade at Eastbourne two weeks ago and knocked her out of the U.S. Open last September.

The other British hope, Sue Barker, was beaten straightforwardly on the Centre Court by Billie-Jean King, 6—2, 6—2, in 65 minutes. From 2—all Miss Barker could salvage nothing more in the first set, and, after winning the first game of the *second set she lost the next five.*

Mrs. King's quarter-final adversary will be the top seed, Chris Evert, who extended her career record against Kerry Reid to 16 wins, compared with one defeat, with a competent 6—3, 6—4 victory achieved in 70 minutes.

Virginia Wade on her way to beating Ruta Gerulaitis.

The second-seeded Martina Navratilova had an unexpectedly easy time against 15-year-old Tracy Austin, who had beaten her when they last met, in a Virginia Slims tournament in Dallas three months ago.

In the men's singles Jimmy Connors continued to cruise impressively towards what would be his fourth final in five years. Australia's John Alexander was his latest victim—6—2, 6—2, 6—4.

Since coming to England to play on grass Connors has developed the habit of not sitting down at the change of ends. "It keeps my concentration and momentum rolling," is his explanation.

If Connors was happy, the defending champion, Bjorn Borg, was not, even though he crushed another Australian, Geoff Masters, in straight sets by 6—2, 6—4, 8—6. It was typical of Borg's performance that, in the final game, he served two aces and two double-faults.

Borg's quarter-final opponent will be the speedy and dangerous American Sandy Mayer, who was taken the full distance by Wojtek Fibak, of Poland, before winning 6—4, 6—2, 6—8, 1—6, 7—5.

Connors will face the Mexican Raul Ramirez, who ended John Newcombe's distinguished singles career at Wimbledon.

Boyle salaries proposals 'overdue'

BY RUPERT CORNWELL,

A SENIOR Tory spokesman last night used the row over the "long overdue" large salary increases proposed for top nationalised industry executives to launch a vigorous attack on the merits of any form of rigid pay restraint.

Mr. Norman Lamont, MP for Kingston and a Shadow Industry Minister, was setting out for the first time the Opposition's view on the Boyle recommendations and the furore that has accompanied them.

Although the timing of the increases was inconvenient, he said, the issue had to be faced if Britain was to improve its industrial performance.

Some critics had claimed that their implementation would destroy the chances of union support for a further round of wage restraint. "But if incomes policies can only be achieved on terms that do enormous long-term damage to the economy, then it is a question of whether formal pay restraint does more good than harm," Mr. Lamont insisted.

His speech in his constituency came on the eve of what promises to be a tumultuous meeting of Labour MPs at which the Prime Minister is expected to give the first public inkling of the Government's reaction to the Boyle report.

Mr. Callaghan is said to be determined to see that the recommendations are carried out, even if over a period of years. The split in the Cabinet and on the back benches is shaping up largely on Left-Right lines, with the former violently opposed, but the Centre-Right equally convinced that the nettle must be firmly and promptly grasped.

Rules to protect patients during NHS disputes urged

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A "GENEVA CONVENTION" for the National Health Service to ensure that patients do not suffer from industrial action by ancillary workers was proposed in the Commons yesterday by Mr. Patrick Jenkin, the Conservative spokesman on Social Services.

Opening an Opposition debate on the threat to patients by industrial action he said that such a convention would lay down that "come what may" patients would be the first concern.

"There is a fundamental and intrinsic moral restraint whereby patients should not suffer from industrial action," said Mr. Jenkin.

In some recent cases industrial action had clearly been aimed at the patients, he argued. It was not the case that patients were just the unintended victims of circumstances.

A recent Parliamentary reply had shown that in 36 hospitals the admission of patients had been limited by industrial action.

"What this means in terms of human misery prolonged absolutely defies description.

"Why is it that when men and women threaten to do these things collectively they can somehow justify it? What is it about trade union collective bargaining that seems to blunt individual consciences?"

It was not the patients that seemed to matter to the trade unionists concerned in these cases but their own pay and conditions.

Outlining what should be done to improve the situation Mr. Jenkin maintained that the first priority was to get better management. The inquiry into the dispute at Dulwich Hospital had disclosed many weaknesses.

"There must be a recognition of the ultimate responsibility of doctors, nurses and clinical staff for their patients.

"We are loking for absolutely principle. Nothing is more damaging than unqualified people deciding which patients need immediate treatment."

With this should go better leadership and greater personal responsibility for all workers involved in the service. Another need was for better consultation procedures. Many of the recent disputes had arisen because procedures were unbelievably slow and bureaucratic.

One suggestion had been for the setting up of patients "safety committees" to ensure that critically ill people could be identified so that they would not suffer in a dispute. Certainly that was an idea that should be looked at, he thought.

He said that Mr. Alan Fisher, general secretary of the National Union of Public Employees, had recently declared that although his union was concerned about the safety of patients it was not their predominant interest. Their main job was to safeguard the terms and conditions of their members.

Mr. Jenkins said: "We are entitled to expect that those who take employment in the NHS should be prepared to say that they regard the interests of patients as paramount."

Mr. Jenkin's speech came in for criticism by Mr. Laurie Pavitt (Lab. Brent South) who belongs to the National Union of Public Employees but is not a union sponsored MP.

He accused the Opposition spokesman of "union bashing" and said that no union had done more than his own in order to raise morale and standards of work in the health service.

He accused Mr. Jenkin of taking on the role of public prosecutor and presenting selective instances of industrial action in a way that did no good to the public or to the health service.

Mr. Pavitt said that 1m people were now employed by the Health Service yet only 14,931 days had been lost by industrial disputes in the service during 1976.

"In the NHS there is less industrial unrest, less non-co-operation, fewer overtime bans or strikes than there are in any other industry, nationalised or otherwise."

One of the reasons for dissatisfaction in the Health Service was that staff had fallen behind other workers under successive pay policies of Tory and Labour governments.

An ancillary worker in the Health Service earned £59 a week in April, 1977, while a comparable employee in a nationalised industry received £76 and in private industry £74. A top grade staff nurse in a mental hospital received £3,424 a year.

"It is the fault of successive governments that this now arises. We treat the immediate symptom without diagnosing the basic problem."

A re-structuring of the health service organisation was needed. At the moment there was no regional or area level machinery to settle disputes. It all had to be done at a departmental level and this took a very long time.

Mr. Pavitt said that the "appalling" reorganisation carried out by Sir Keith Joseph under the last Tory Government had exacerbated work relations in the hospital service and was a "colossal mistake."

Borrowing policy under review

BY OUR PARLIAMENTARY STAFF

THE TREASURY are keeping under constant review the possibility of further changes in the method of financing the Government's borrowing requirement, Mr. Denis Healey, Chancellor of the Exchequer told the Commons last night.

In a Commons written reply, Mr. Healey said that a number of changes affecting the way financial markets operated and the way Government debt was sold, had been made during the last 18 months.

"For example, the first issues of variable rate gilt edged stocks have been made; certain new issues have been offered with the total amount of the subscriptions staged over a period of several weeks; and the Bank of England's minimum lending rate is now set directly by the authorities instead of depending upon the Treasury Bill discount rate at each Friday's tender.

"My officials, in consultation with the Bank of England, keep constantly under review the possibility of further changes to improve the functioning of financial markets and to facilitate the economical funding of Government borrowing needs.

"In view of the continuing need to respond to changes in financial markets and in the economy more generally I see this work as an on-going process rather than as one which will reach a final conclusion at a particular time."

Mr. Healey said he would give the Commons full details of any future changes.

Number in Civil Service down 12,000

THE NUMBER of civil servants has fallen by nearly 12,000 since April 1976, Mr. Charles Morris, Minister of State for the Civil Service, told the Commons yesterday.

"This represents a saving of some £65m. which has been achieved despite increasing work loads in some departments caused by changes in taxation and unemployment levels."

His claim that these figures showed the success attained by the Government in containing the size and cost of the Civil Service was disputed by Tory MPs who pointed to his admission that on April 1 there were 38,000 more civil servants in post than on March 1, 1974.

Mr. Robert Adley (Con Christchurch and Lymington) said that the 38,000 increase indicated that the Government had sheltered its own employees from the hardships associated with unemployment which had been felt by the rest of the community.

The Minister agreed with Mr. Ian Wrigglesworth (Lab., Thornaby) that the size of the Civil Service was determined by the extent of the tasks imposed upon it by the Commons.

Mr. Ian Gow (C. Eastbourne) warned that the introduction of a closed shop agreement in the Civil Service would be "deeply offensive" to the British people.

He called on the Minister to confirm that the Government was opposed in principle to the imposition of a closed shop in the Civil Service.

Mr. Morris said discussions were taking place with both the industrial and non-industrial unions who had asked for a union membership agreement.

Proposals had been put on behalf of Ministers, but in order not to prejudice the outcome of the discussions he declined to give details.

He assured Mr. Gow: "I am well aware of the strength of feeling not only in the House but in the country generally on this question of union membership agreements."

Replying to Mr. Dennis Skinner (Lab. Bolsover) Mr. Morris admitted that selection for entrance to the administrative grades of the Civil Service reflected an apparent statistical bias in favour of Oxbridge candidates.

Mr. Skinner said that although between 1971 and 1975 the number of candidates from Oxford and Cambridge amounted to only 25 per cent of the total applicants more than 50 per cent were accepted.

"Is this not bound to be the case when we find that there is a majority of full time civil servants on this selection panel?"

After acknowledging the apparent statistical bias, Mr. Morris stressed that while not all the most able people went to Oxford and Cambridge recently published figures demonstrated that these two universities still attracted more than their fair share of the most able school leavers as measured by A level grades.

The Minister stressed that he was satisfied that the Civil Service commissioners acted in a wholly impartial manner in the selection process.

Mr. Morris attacked Mrs. Margaret Thatcher, the Conservative Leader, for her recent speech indicating that she favours a more restrictive pay policy for the public sector than the private sector.

He described it as "a monumental gaffe" involving double standards and discrimination against 6m workers in the public sector.

Pay deals

LESS THAN 2 per cent of pay settlements since July 31 last year have been outside the Government's guidelines, Mr. Harold Walker, Employment Minister, said in a Commons written reply yesterday.

Retain sector working parties —Watkinson

BY IVOR OWEN, PARLIAMENTARY STAFF

IF THE coming General Election results in a Conservative Government the sector working parties, set up as part of Labour's industrial strategy, should be retained, Lord Watkinson, the former President of the CBI, urged in the House of Lords last night.

Joining with other peers in pressing for improved productivity in industry he also called for the retention of the National Economic Development Council and endorsed the need for another year of pay restraint.

Lord Watkinson, still a member of the Council of the CBI stressed that 1,000 businessmen and trade unionists were involved in the sector working parties.

While they had made slow progress since being established he doubted whether anyone would say that they had made no progress.

Lord Watkinson maintained that the reports of the sector working parties if properly handled would enable the new Government to frame a policy which would help rather than hinder industry.

Everyone knew, he said, that Britain required a "very great leap forward" in productivity. He warned that without a major improvement in economic performance Britain would become the "sick man of Europe" occupying a position below Italy and in the end finding the other members of the EEC tired of the lack of an adequate British contribution, "to the club."

Lord Watkinson argued that if conquering inflation was to remain the first priority some form of pay restraint for another year was inevitable.

There was no reason why the Government with its major role as an employer, should not very firmly disclose its hand.

Carefully tailored productivity deals could play an important part in improving pay for skill and craftsmanship.

The debate on productivity and job opportunities was opened by Lord Amory, a former Conservative Chancellor of the Exchequer.

He said: "We can improve our current standards dramatically and open the way to higher standards of living."

But the traditional attitudes of unions to over-manning were often a serious handicap, and management had to carry its fair share of the blame.

The biggest handicaps to higher productivity were the present penal level of direct taxation and the lack of zest towards the adoption of new attitudes.

"The lesson we have to learn is that higher productivity is the only practical way to higher re[illegible] earnings and higher emplo[illegible]ment."

For the Government, Lo[illegible] Peart said: "At no time in o[illegible] history has the need for increas[illegible] productivity been greater."

He warned that the proble[illegible] could not be solved overnig[illegible] and there were no short cuts. Th[illegible] Government's industrial strate[illegible] had improved Britain's prospec[illegible] providing greater stability a[illegible] increased incentive.

"Our ability to design co[illegible] sumer products for world wi[illegible] sales appears to have decline[illegible] particularly compared wi[illegible] France Japan and Italy. Th[illegible] situation needs to be reversed."

The progress made by Brit[illegible] agriculture was "a wonderf[illegible] success story," said Lord Pea[illegible] a former Minister of Agricultur[illegible]

"British agriculture h[illegible] developed a formidable compe[illegible] tive strength. We want to s[illegible] this in other areas of industr[illegible] and I believe this can be done[illegible]

Lord Carr of Hadley (C), [illegible] former Employment Secretar[illegible] spoke of the "disastrou[illegible] deterioration" in Britain's ove[illegible] all productivity during the pa[illegible] two years.

"Our bad productivity sets [illegible] a vicious circle of rising price[illegible] rising unemployment, and a fa[illegible] in the standard of living.

"We must reverse o[illegible] deplorable record so we c[illegible] break this vicious circle a[illegible] start a virtuous one."

The most commonly heard c[illegible] in Britain was the need for mo[illegible] investment in industry.

"To a large extent this is [illegible] facile and false argument. Th[illegible] first thing to do is to make bett[illegible] use of the capital we alrea[illegible] have."

The reduction in working hou[illegible] and in shift working which h[illegible] been banded about as a barga[illegible] ing point for the next wa[illegible] round would be "disastrous."

"Our motto should be work ou[illegible] machines for longer hours a[illegible] our people for shorter hours," [illegible] said.

Lord Rochester, for th[illegible] Liberals, said it was better [illegible] the long run to safeguard th[illegible] jobs of the majority throu[illegible] improved productivity than lat[illegible] to lose the jobs of all becau[illegible] of over-manning.

He blamed two deep-seate[illegible] causes for low productivity: fe[illegible] of unemployment and resistan[illegible] to change.

"If we really want to sol[illegible] this problem of low productivit[illegible] in the next phase of pay poli[illegible] there ought ideally to be [illegible] increases in wages and salari[illegible] at all other than those neede[illegible] to correct the most blata[illegible] anomalies and to restore in pa[illegible] the erosion in differentials f[illegible] responsibility and skill."

Engineers 'must be better trained'

BY RICHARD EVANS, LOBBY EDITOR

A FIVE-YEAR training programme for engineers and a two-tier professional structure are among the recommendations of a Conservative Political Centre study published today into the relationship between education and industry.

In launching the report Dr. Keith Hampson, MP for Ripon, and vice-chairman of the Tory Education Committee, claimed that Britain's engineers were in danger of being the worst trained in the world, and the study sought to improve the quality of enterants into the engineering profession.

"This investigation shows that not only have standards to be raised but that the whole nature of the training should change. We have simply got to attract ino engineering more first-rate sixth-formers," he said.

Britain's standard of living would be the lowest of any industrial nation unless the country's educational system put a greater emphasis on technology. Failure to do so would pose a direct threat to the re-generation of Britain's manufacturing industries.

"Any blueprint for action has got to embrace our schools, and that means our current slap-happy approach to careers education has to change," Dr. Hampson, added.

The committee which included leading industrialists, educationalists and trade unionists under the chairmanship of Professor John Thornton, Dean of Engineering at Newcastle University, condemned the low calibre of entrants into engineering courses.

Although there was some evidence of improvement enginereing students tended to have lower A level scores

They found that poor personal motivation and little professional commitment was also evident and by admitting so many poor candidates the universities had helped to devalue the challenge of engineering as a profession in the eyes of other sixth form pupils.

The report recommends that the engineering professions should consist of a two-tier structure with Chartered Engineer (C.Eng.) and Technician Engineer (T.Eng.) as the levels of qualification with a route from the lower to higher levels.

In addition, the study group argues that the narrow minded attitudes of employers did not help. Too frequently they did not offer appropriate challenges during the first two or three years of a career.

The Engineering Profession—A National Investment; Conservative Political Centre, £1.50.

Pro-devolution Scottish Tories form reform group branch

BY JOHN LLOYD

SCOTTISH Conservatives on the pro-devolution wing of the party are to establish a Scottish branch of the Tory Reform Group, the association which claims to represent the "one nation" trend in Conservatism.

The group will be supported by Mr. Alick Buchanan-Smith and Mr. Malcolm Rifkind both of whom resigned as front-bench spokesmen on Scotland in December, 1976 when the Shadow Cabinet imposed a three-line whip on a vote against the Devolution Bill.

Mr. Buchanan-Smith first proposed the idea of the group at a meeting of the Scottish Conservative Party conference in May, attended by about 80 people.

It has since been taken up by a number of leading Scottish Conservatives who are both pro-devolution — in spite of the party's opposition to it — and more liberal in their social views than Mr. Teddy Taylor, Tory spokesman on devolution.

In a speech to a conference organised by the reform group in Cambridge last week Mr. Buchanan-Smith argued implicitly for support for the Government's Scotland and Wales Bills.

"To do nothing could be fatal —we are lurching towards instability anyway and the price of inaction could be the break up of the UK and the disintegration of democracy in this country."

Mr. Buchanan-Smith said yesterday that the group should not become involved with personalities and that was in no sense meant to be an "anti-Taylor."

Mr. Taylor himself welcomed it and pointed out that he had twice been asked to speak by the reform group.

However, Mr. Rifkind said that "one can't ignore the fact that the Shadow Scottish Secretary is on the Right-wing of the party and gives vent to strong populist views from time to time. I think there is a feeling that the other side of the argument is not being put."

Mrs. Helen Millar, the co-ordinator of the Scottish group, said that besides Mr. Buchanan-Smith and Mr. Rifkind she anticipated the support of Mr. George Younger, MP for Ayr, and Lord James Douglas Hamilton, MP for Edinburgh West, on some issues.

"There isn't enough argument in the Scottish Conservative Party at the moment—we have tended to accept policy as being handed down from on high.

"We will certainly differ from Mr. Taylor on a number of issues not just devolution but on law and order for example. A lot of us are against the hang 'em and flog 'em line he takes."

Mrs. Miller said that she thought the first meeting of the group would take place later in the year but would be postponed in the event of an election in October. "There is no way we want to rock the boat before an election."

Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● RESEARCH

Light emission from unexpected sources

SCIENTISTS at IBM's San Jose Research Laboratory have discovered that microscopically small sources of light in electroluminescent thin films can become mobile under certain conditions.

When a voltage oscillating at a high enough frequency is applied across one of these thin films, tiny light-emitting filaments—each about one micron (1/25,000 inch) in diameter—appear to pour out from isolated points in the material and to swarm randomly about in it.

The possibility of finding applications for this effect is suggested by the fact that the "light bubbles" appear to be an electrical analogy to the cylindrical domains of magnetism—known as magnetic bubbles—used for data storage.

Magnetic bubbles, which are about the same size as the light-emitting filaments, are also formed in thin films and exhibit mobility. A number of ways have been found to control the motion of magnetic bubbles, and this has led to their application in devices for storing computer data at very high densities.

Discovery of the mobile filaments occurred during experiments aimed at understanding the light-emitting properties of manganese-doped zinc sulphide films. Non-mobile light properties of these films are being investigated by a number of laboratories that are interested in information display technology.

In the IBM experiments, an ac voltage is applied to the film via sets of crossed metallic lines about 1 mm wide, the horizontal lines being deposited on one surface of the material and the vertical lines on the opposite. When voltage is applied to a pair of intersecting electrodes, the intersected area of film will emit light. Each such area encompasses some tens of thousands of individual light-emitting filaments. It is these individual filaments that can become mobile.

As the frequency of the applied voltage reaches the neighbourhood of 10,000 hertz, the threshold of filament mobility is achieved. Looking at the light-emitting filaments through a microscope, one can see the tiny spots of light moving in small, discrete steps from one location in the material to another. On close examination, it appears that the illumination is being transferred from one site to another through a process in which the emission from a filament is extinguished at approximately the same time as emission from another begins.

Raising the frequency of the applied voltage still further—about 50,000 hertz—causes the mobility of the light bubbles to increase as they wander over relatively broad areas of the film. When one bubble approaches another, they repulse each other. Isolated regions in which the mobile bubbles are generated can be clearly seen in microscopic views of the material, and at high frequencies, hundreds of the moving points of light appear to pour out of these sources like water from a bubbling spring.

The locations of the sources of mobile filaments are thought to be associated with microscopic defects in the polycrystalline structure of the zinc sulphide films.

IBM, 101, Wigmore Street, London W1H 0AB. 01-935 6600.

Mirror-like effects of the new Pilkington solar control glass are clearly visible.

● MATERIALS

Keeps the sun under control

FIRST monolithic solar control glass with a highly reflective coating to be brought out by Pilkington, Reflectafloat 33/52 (Silver) can be single or double-glazed and completes the company's series of environmental control glasses.

Coated on-line during the float glass process, the new glazing material is silver in reflection and bronze in transmission. Light reflectance is as much as 43 per cent, which makes it one of the most highly reflective solar control glasses so far available. It is suitable for use in all climates and couples low solar heat absorption with its high reflectivity.

This is a particularly important point since it reduces the danger of the glass shattering through thermal stressing and it means that, if desired, the glass could be used to glaze the whole facade of a building, including cladding panels.

Solar heat gain is reduced by a factor of 48 per cent and light transmittance by 67 per cent, alleviating problems due to overheating by direct, brilliant sunlight — which can occur even during the winter months — and cutting out sky and reflected glare.

Incorporated into double glazing units, the material will provide heat insulation as well as light transmittance of 29 per cent, and total solar heat transmittance of 44 per cent. U value with a 12 mm air space is 3 watts per square metre per degree.

To form the coating, a gas is directed on to the surface of the glass formulated so as to deposit on the surface layer the chemicals which will provide the silver finish and the light control properties desired.

Used in conjunction with a low light transmittance glass like Antisun float grey and appropriate illumination, the new material provides excellent one-way mirror effects for security work.

Reflectafloat is available in 6 mm thickness with a normal maximum size of 2000 mm x 2500 m. If required, the glass can be supplied laminated.

Pilkington Brothers, Prescot Road, St. Helens, Merseyside WA10 3TT. 0744 28882.

● HANDLING

Bricks easier to move

AN AUTOMATIC system for shrink wrapping concrete bricks in a way that creates the latter's own "pallet" is being commissioned at Peakstone Bricks. This is the new name for a division of Staveley Lime Products, a Staveley Industries subsidiary. A big advantage over more conventional wrapping is the elimination of wooden pallets, at a probable cost of £3 each, besides enabling bricks to be safely stored in the severest weather.

The Danish system, from Hans Juul of Engelsborgvej, has been installed at Peakstone Bricks' Doveholes plant in Derbyshire. Allied to it is a brick-splitting process that enables the adjourning Krupp plant to make bricks twice the normal size.

The £250,000 Juul plant splits the packs at the rate of 4,000 bricks an hour. Plans for a second to keep pace with brick-making capacity and to cater for a higher ratio of facing bricks are already being finalised. After the bricks have been split at a point on the conveyor they are taken to a stacking machine which places them in packs of 400. These are then separated into four stacks and four bricks, two each in line are placed on top of either side of the stack to form the gap for the fork truck blades.

Each stack is taken on to a wrapping station where two sides are wrapped first and the stack rotated through a right-angle to wrap the two other sides before going through the oven where the shrinking occurs. On coming out, the stacks are mechanically overturned on to a gravity conveyor running down to the fork truck. This has a third central blade for extra stability, but two are said to be adequate for building site work on level ground.

The splitting process creates a rough or rustic surfaced facing brick. The ends of every 37 in a 100 pack are also roughened to provide the same surface on corner work.

Only concrete bricks are made. The plant is at a big quarry where the limestone comes from while cement comes from only five miles away. The integrated system marks a more intensive effort by Staveley in the concrete brick market, which has been growing steadily despite the overall decline in brick production.

Partly due to price competitiveness with traditional clay bricks, concrete bricks are on the way to doubling their penetration, from 4.8 per cent in 1971 to 5.6 per cent in 1976 and to an estimated current 7-8 per cent. Concrete bricks are also attractive in terms of energy economics.

PETER CARTWRIGHT

● SAFETY & SECURITY

Mercedes anti-skid brake production move

ANTI-LOCK braking equipment which Daimler-Benz has developed in conjunction with Bosch will go into production in the autumn. Daimler-Benz were among the pioneers in the search for means of preventing a car's wheels from locking up under heavy braking and demonstrated a system in 1970. A version of the Dunlop Maxaret system was installed on a number of Jensen cars around that time.

The device, called ABS (an abbreviation of the German name for the system) is regarded as a significant step forward in automobile technology. It is electronically controlled to prevent the wheels locking during braking, ensuring that the car's steering qualities are maintained.

This overcomes one of the principal reasons why cars go out of control in critical situations—as for example when a novice driver panics and applies the brakes too harshly on a wet or icy surface. The wheels lose adhesion with the surface and the braking distance can actually be longer than if the brakes were released and re-applied more gently.

Three sensors constantly measure the speed of wheel revolutions and send signals to an electronic control unit. The unit checks whether the wheels are still turning while braking or are already tending to lock and then applies the correct braking force to the wheels by means of a hydraulic unit. The result is that the driver can both brake and steer at the same time.

Mercedes-Benz is on 01-560 2151.

● IN THE OFFICE

Franks mix of mail

ELECTRICALLY operated mail franking machines particularly suited to fast handling of wet or dry parcel labelling and an assortment of envelope sizes have been announced by Roneo Vickers.

Aimed at the busy mailroom that has a mixed bag of standard or airmail letters and parcels, the machines can be equipped with an automatic feed and will handle mail to a thickness of 10 mm and envelope sizes up to 266 x 203 mm.

They are available with three or four meters which are light in weight to ease the task of re-charging at the Post Office.

For automatic parcel labelling the operator simply presses a wet or dry selector button and the label roll 36 metres) is fed directly into the machine.

Roneo Vickers, Mailroom Division, Roneo House, Lansdowne Road, Croydon CR9 2HA. 01-686 4333.

Copies made from tiny originals

A MICROFICHE enlarger-printer called the 1830 Micropublisher, which yields A4 plain-paper copies from a variety of fiche formats, has just been launched by Addressograph Multigraph, PO Box 17, Maylands Avenue, Hemel Hempstead, Herts HP2 7ET (0442 42251).

The machine is free standing and accepts standard 105 x 148 mm negative image silver, diazo or vesicular microfiche. Its paper feed tray takes 2,000 plain bond sheets, and the output receiver stacks up to 500 copies in collated stacks.

Its working rate, says the company, is in excess of 15 copies a minute or 900 an hour, and it is designed to fulfil demands in the region of 20,000 a month.

Telex tape idea for America

BRITISH DESIGN has gone into a device that enables an ordinary electric typewriter to produce telex tape. It is to be manufactured under licence in the U.S.

The Saggicorn 420 Telexer, developed by Saggicorn Electronics at Haverhill, Suffolk, will be produced in Andover, near Boston, Mass. by Dasa Inc., one of the U.S.'s leading manufacturers of repetitive dialling systems.

Dasa will have exclusive marketing rights in the Americas and Japan and Dasa will pay royalties on every Telexer produced. It has guaranteed 5,000 systems in the first year which will produce royalties of approximately half a million dollars.

Sturmer Road, Haverhill, Suffolk CB9 7UU. 0440 5821.

● COMPONENTS

Heat pump package

MARKETING has started in this country by Heat Frig, of Esher, Surrey, of the Westinghouse "Templifier" heat pump package that allows heat that would otherwise go to waste from various industrial/commercial exhaust gases and liquids to be recovered.

Basis of operation is the well-known principle—only recently gaining attention—of taking low-grade heat and, in effect, amplifying it in what amounts to a refrigerator operating in reverse. Output is heat at a higher temperature which can then be used for, say, process fluids or hot water for factory or office services.

The Templifier (short for "temperature amplifier") is factory assembled and shipped ready to operate when connected to power and water on site.

More on Esher 62121.

● SECURITY

Loud noise gives alarm

BEING DRIVEN by compressed air, an alarm device from Pneumethods of Cumbria is particularly suitable for hazardous environments since no electric contacts are employed.

The cylindrical unit is only 45 mm in diameter and about 100 mm long but is able to generate a note with a fundamental frequency of about 2000 Hz at levels which can reach 110 dBa at 20 metres when air is supplied at a pressure of about 80 psi.

Available in materials that will resist corrosion, the horn can be used in conjunction with other switching devices to announce alarm or critical state conditions on process plant such as low or high level of liquids, pipeline pressure fluctuations, gas or chemical build up and out-of-limit temperatures.

The company is at the moment investigating use of the device for the protection of property; in this case the unit would be powered by air or an inert gas from a pressurised bottle which could be re-charged.

Pneumethods operates from POB3, Workington, Cumbria CA14 2BD. Tel.: 0900 5303.

● FINISHING

Polishes at high speed

DESIGNED TO be used in the car refinishing trade, boat and caravan building and wood working industries and said to be ideally suited to metal, glassfibre, plastics, wood and all painted surfaces, is a polisher capable of maintaining a high operating speed even under great pressure.

Called the Super Stork NL2 it has a powerful 1 hp double insulated motor offering an operating speed of 1,800 rpm. Weighing only 3.3 kg it is, says the maker, of robust construction with an impact resistant body in tough Durathane BKV glass-filled resin material.

More from Marron Machines 37, Queensbury Station Parade, Edgware, Middlesex HA8 5NN (01-952 5642).

● COMPUTERS

Reliable recorder

BRITAIN HAS scored another first in world aviation history with a continuous radar recording system at the London Air Traffic Control Centre (LATCC) in West Drayton. Under the direction of the National Air Traffic Services (a joint Ministry of Defence and Civil Aviation Authority organisation) the LATCC has installed the system, which is now capable of providing a continuous recording of digitised primary and secondary rada data. These data are fed to the system via modems and Post Office land lines from remote radar sites situated throughout the UK.

At the heart of the system are three British designed and manufactured portable analogue tape recorders—SE Labs' SE7000 series. These are high precision IRIG standard instruments that are automatically sequenced in such a way that one is always in the record mode, another is on record standby, while the third is used for replay or as a back up to the other two.

The whole system is supervised by an automatic control and monitoring unit developed by SE Labs at its Wells, Somerset, plant where it also manufactures the tape recorders. Using any of the three recorders in the "playback" mode, it is possible to generate a dynamic display of aircraft movements on a radar screen for subsequent analysis. Printouts of individual aircraft tracks can also be obtained using suitable computer programs in the CAA radar processors.

In bidding for the contract, SE Labs was able to demonstrate a measured bit error of only one bit in 10m—10 times as good as that required by the NATS system specification. The recording system itself has a guaranteed life of 10 years (nearly 30 000 hours for each recorder).

SE Labs (EMI), Data Recording Division, Spur Road, Feltham Middlesex. 01-890 1477.

Low-cost terminal

DELIVERIES are scheduled to begin in the UK in October of the lowest priced video terminal to be offered so far by Hazeltine. It will sell at well below £600.

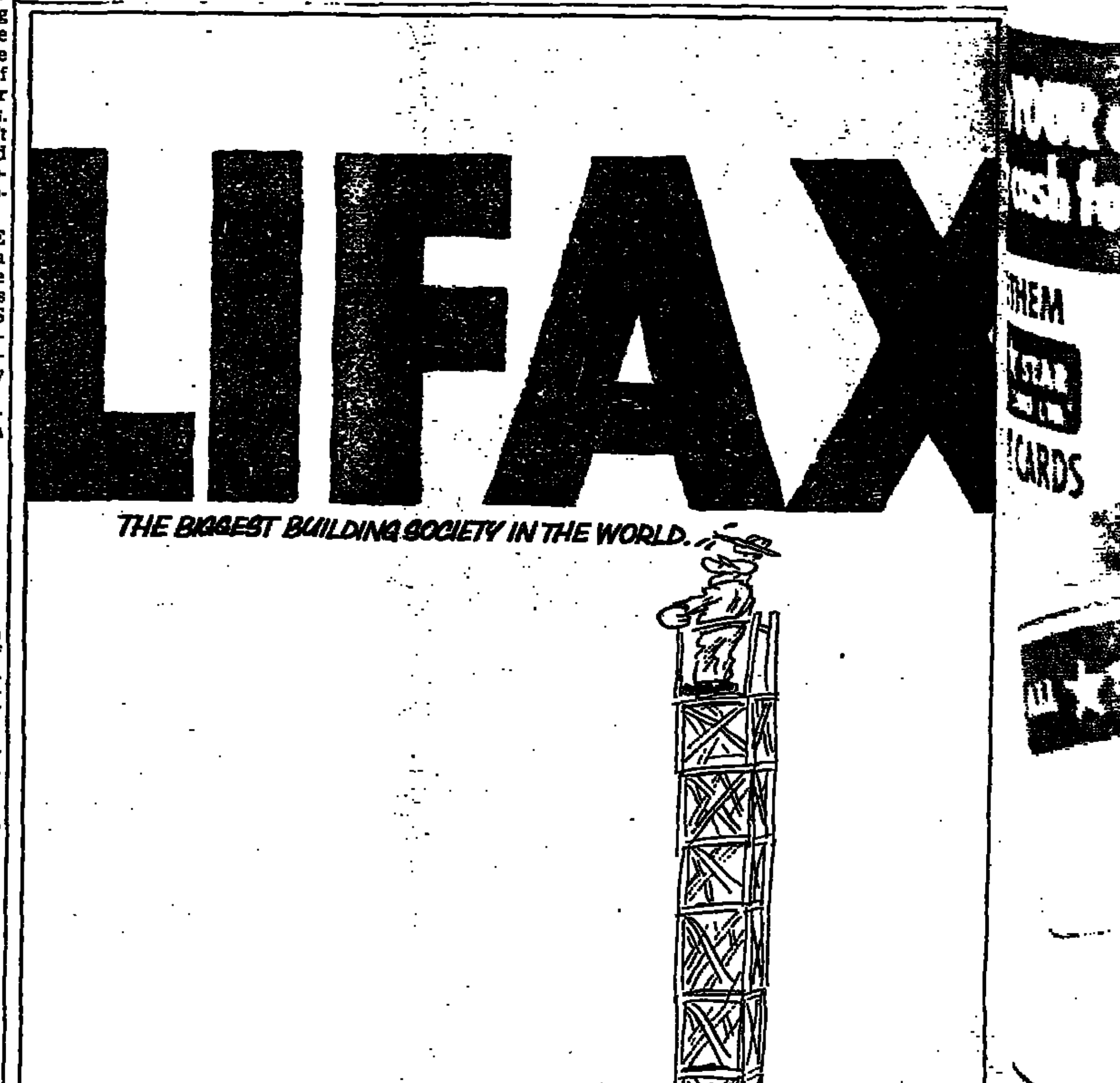
High clarity of character display is obtained using a television raster scan technique with a 7 x 5 dot matrix. A 12 inch screen is employed, with 80 characters per line and 24 lines; character height is 0.182 inch.

A teletypewriter keyboard format is employed with mechanically activated switches under software control, giving good reliability with long life and bounce-free action.

The use of a microprocessor has resulted in a relatively low component count for this kind of equipment, contributing to reliability and producing a low running temperature. All the electronics are on one printed board.

Known as the model 1400, the terminal can work locally or remotely from the CPU at baud rates which are switch selectable up to 9600 baud. In addition, the cursor can be completely controlled from the CPU.

Hazeltine, Terminal House, Petersham Rd., Richmond, Surrey. 01-948 3111.



The Management Page

EDITED BY CHRISTOPHER LORENZ

Nicholas Ridley (Tory) and Richard Wainwright (Liberal) flank the Meriden motorcycle works. They are two of the MPs who want financial concessions for co-operatives.

Paving the way for tax concessions to co-ops

With cross-party support and the more favourable political climate, workers' co-operatives may soon be given a major boost. Robert Oakeshott reports.

THERE is now a clear possibility that significant tax concessions favouring workers' co-operatives and similarly structured enterprises will be discussed, and may even be approved, when the Finance Bill comes back to the floor of the House of Commons for its report stage this week.

Clauses embodying the proposed concessions were tabled for the committee stage of the bill but were not called. But their supporters remain cautiously optimistic about what may happen at the report stage.

Their optimism rests in part on the spread of signatories—from all three main parties—who endorsed the clauses which were tabled. It rests partly too on an indication from Joel Barnett that the Government's attitude was not uncompromisingly negative.

Rationale

More generally it has been reinforced by a feeling, much strengthened over the last few months by the easy passage through Parliament of the Co-operative Development Agency Act, which received Royal Assent last Friday, that the political climate is no longer hostile—or simply indifferent—to co-operative enterprise, as it has been for so many years.

The central points in the rationale behind the proposed new clauses are two. The first is that the tax system should encourage a switch to those types of enterprise which seek to eliminate the structured conflict between capital and labour, shopfloor and management. The second is that within such enterprises the tax system should encourage the ownership (and thus the creation and preservation) of jobs at least as favourably as it does the ownership of homes and pensions—or, if anything, more so.

Subject to various limits and conditions designed to prevent abuse, the key proposal is that payments made to purchase jobs in bona fide workers' co-operatives or similar enterprises should be tax deductible. This concession would apply both when a new workers' co-op was being started from scratch and when a conventional enterprise decided to convert itself into a co-op.

The conversion of existing enterprises would also be encouraged as it were from the other end. For, under another proposal in the new clauses, existing owners would become eligible for capital gains or capital transfer tax relief if they sold—or give—their business to those working in them in such a way that a bona fide workers' co-op was the end result.

A set of detailed clauses, embodying these concessions, together with appropriate safeguards, was tabled at the committee stage of the Finance Bill by Robert Cant, chairman of the Parliamentary Labour Party's Finance Group. Mr. Cant was supported from his own side by Ian Wrigglesworth, the Labour and Co-operative MP. From the radical end of the Tory Party the new clauses were signed by Nicholas Ridley and Nigel Lawson. For the Liberals, they were signed by Richard Wainwright, the party's spokesman on industrial affairs, who had earlier played an important part in securing the successful passage of the Co-operative Development Agency Act.

It is possible that the proposed clauses, if called at the Finance Bill's report stage, might attract enough votes to be passed into law whatever the Government's attitude.

The Government may wish to strengthen and/or supplement the safeguards against abuse which the clauses already contain. These are at present of three kinds.

First, the proposed tax concessions would not apply to enterprises in the financial, insurance or related sectors: this would guard against their use for tax avoidance purposes by fast moving operators in the City and elsewhere. Second they would only apply to bona fide co-operatives or common ownership companies, as defined somewhat unhelpfully in last year's Industrial Common Ownership Act, or if accepted as such by the Registrar of Industrial and Provident Societies. Thirdly, the amount of tax relief which any individual could claim against his or her job purchase in any one year would be limited to £2,000.

However, it is equally possible that officials are advising the Government to proceed with caution, not to allow radical tax changes of the type proposed to be rushed through Parliament, but to subject them first to interdepartmental discussions, to representations by interested parties, and a whole range of bureaucratic vetting procedures.

It may well be advice of this kind which prevails and determines the fate of the proposed clauses in the short term. On the other hand, given the spread of political support which Mr. Cant has already mustered, proposals of a similar kind might well be introduced in the first Finance Bill of the next Parliament. Thus it is worth looking briefly at the sort of situations upon which they would be likely to have their most direct and immediate impact.

Formidable

At least in the short and medium term we must suppose that the numbers of new workers' co-ops started from scratch as a result—or partly as a result—of the proposed tax concessions would be quite small. The starting from scratch of new conventional enterprises is a sufficiently formidable task. While experience remains so limited the succesful start-up of new co-operative ventures is likely to be that much more difficult. It could hardly be attempted in the first five years following the enactment of the proposed tax concessions by more than a small number of highly motivated and determined groups. Yet in the long run it must be in this way—by encouraging the creation of new permanent jobs—that the proposed concession would perhaps be chiefly justified.

On the other hand the conversion of existing enterprises into workers' co-ops might well become attractive fairly quickly, if the proposed tax concessions were enacted, in two main situations. To begin with there is the situation of the small or medium sized family firm in which, following the retirement of the current owner manager, there is no available member of the next generation to take over the business. Of course, in such a situation it may always be possible to sell to outside Capitalist interests.

But there is already substantial anecdotal evidence from this country or elsewhere that for sentimental or other reasons that course may not seem attractive to the owners in this family. Other things being equal they might well prefer to sell the business to those with whom they have been working rather than to some anonymous outsiders. It seems reasonable to imagine that if tax advantages could be secured by doing so, more families in such a situation would be attracted to that solution.

Reaction

Of course not only the prospective sellers, the family owners, but also the prospective buyers, the workforce, have to be convinced that such a solution is desirable. There is no point in disguising the fact that the initial reaction of the shop floor to such a possibility is likely to be extremely cautious. But there again the proposed tax concessions would be a substantial extra inducement.

Secondly there are a number of unwanted or peripheral subsidiaries in conglomerate companies where conversion into workers' co-ops would become attractive if the proposed tax concessions were enacted. Even without any tax inducements there have been a number of examples of this kind of thing happening in the U.S. and in Canada over the last few years.

Finally, and quite separately, the proposed tax concessions could well have important beneficial effects for existing workers' co-ops: for the Meriden motorcycle enterprise and for Kirkby Manufacturing and Engineering, on Merseyside, in the first place; for the old British producer co-ops, enterprises like Equity Shoes in Leicester and Walsall Locks in Walsall; and indeed for the more recent common ownership companies, like the Scott Bader Commonwealth outside Wellingborough and Michael Jones Jewellers in Northampton. And it is worth emphasising that in the case of the first two categories the likely benefits would operate to correct one of their most central difficulties: the raising of new investment capital.

The cardinal rule on work, sex and getting to the top

BY SUE CAMERON

SOME OF the women who now hold top management posts in the U.S. say that when they were younger, and on the first rung of the career ladder, they never said no to the men with whom they worked.

Several of the 25 successful women managers studied by Margaret Hennig and Anne Jardim seem to have adopted this line of action as a cardinal rule where sex and work were concerned. Of course, they never said yes either. Always "Maybe."

The study of the 25 — carried out by Hennig as part of her doctoral thesis — has been used as the basis of a book entitled The Managerial Woman. Its aim is to show how so many women become stuck at lower middle management levels despite their apparent ability.

Having made a spirited attempt to show where women managers go wrong, and why, the authors put forward some practical suggestions for women who are setting out on the climb to the top. This last section includes advice on how to handle the nastier breed of company wolf.

One of the book's basic arguments is that women do not give enough thought to the future. Where their careers are concerned they tend to be different: they concentrate on becoming super-competent at a particular job rather than on getting ahead and working out where they want to be in two promotions' time. By excelling in a junior post they gain a feeling of legitimacy in a man's world—and the authors stress that management is still a man's world despite equality legislation on both sides of the Atlantic.

Yet this determination to gain acceptance by being perfectionists means that most women develop an extremely narrow management style: "it is not a style which breeds initiative nor does it lend itself to delegating responsibility." They become "scrupulous checkers," dotters of Is and crossers of Ts.

They may become invaluable to their companies but they are not seen as having higher management potential, and they are not put on promotion lists. They themselves frequently fail even to notice the promotion opportunities that do come their way.

The book tells of one woman who had been given a specific project to do for her company and who was eventually called in to give a progress report on it by a senior manager. He was impressed by the work she had done and asked for a draft report by the end of the week. He wanted to show it to the president of the corporation and so obtain full top backing for what she was doing.

Hennig and Jardim say a man would instantly have seen the prestige and the career opportunities implied in the senior manager's request. But the lady in question said she could not possibly write a report by the end of the week because she had a presentation to make and she would need the next few days to prepare for that.

The book argues that women tend to compartmentalise their personal and working lives in a way men do not. At the same time they put a great deal of personal commitment into their jobs, and they tend to react to colleagues — or to criticism — in a highly personal way.

Hennig and Jardim say this is because women are never taught how to be part of a team. They argue that boys realise from an early age that they will have to work for the rest of their lives and in preparation for this they are encouraged to be active and aggressive and join in group activities. The future painted for little girls, on the other hand, invariably includes a husband somewhere along the line. Girls are therefore uncertain as to whether they should be aiming at a lifelong career. What is dinned into them is that successful husband-hunting is a sophisticated business; only if they are individually desirable will they be chosen as marriage partners.

Many of the 25 successful women who were studied by the authors "mortgaged" their personal lives until their middle 30s. A number of them then had their hair restyled, bought new clothes, stopped working quite so hard and went off to find husbands who would support them in their race to the top.

The explanation of why women so often fail to reach the higher echelons of management is by far the weakest section of the book, even though much of it is plausible and obvious enough. What is particularly unconvincing is the stress the authors put upon the importance of team games, especially football, during childhood.

Hennig and Jardim say girls do not learn how to handle stardom within a team: they do not learn to rely on others who are better placed to perform certain tasks; they do not learn that success depends on living in harmony with all the other team members, including the less likeable ones and the ones who have no ball sense; they do not learn that their entire reputations will not be destroyed because of one bad shot.

Much of this seems to be highly debatable, although perhaps it is a reflection of the book's American bias. Certainly there are successful, right thinking men in the UK who hated games while they were at school and who are still bored by football in general and the World Cup in particular. By the same token there are plenty of hockey-playing schoolgirls around, and the FA has even been told that it cannot ban under-12 mixed football teams.

Hennig and Jardim are not content to leave their explanations here. They give us a longish section on Freudian theories of penis-envy which provides a decidedly boring chapter in an otherwise eminently readable book.

For one thing, such delvings into the early subconscious can have little relevance to women managers who want to know how to avoid being left at the bottom of the career ladder.

Moreover, while Freud may have been the father of modern psychiatry it is arguable that future generations will regard some of his hypotheses in much the same light as we look on those mediaeval chemists who were pre-occupied with seeking a philosopher's stone that would transmute lead into gold.

The exciting parts of the book are those that deal with what women do wrongly in the management stakes, and with what they can do to ensure they reach the top. Here are some of the tips from Hennig and Jardim:

- Do not allow yourself to become bogged down in a first line management job — treat it as a step on the road.
- Always ask yourself what's in it for you. This goes for all management posts, for individual tasks and for human relationships.
- Learn to delegate.
- If male colleagues try to treat you as a woman rather than a manager by asking you to make the tea, take the minutes, do the copying, say you will happily do these things — and you will also be happy to draw up a rota for next time.
- Analyse the situations where you tend to react emotionally. This will help you to see them coming and you will therefore cope better because you are prepared.
- If you want to cry do so — but do it in private.
- If the Romeo of the management team approaches, say "Maybe . . ." and arrange to be permanently busy. If that does not work ask him about the way he is exceeding his departmental budget. If he is your boss and you feel your promotion will depend on an evening spent at his place then keep an exact record of everything he says. Tell your office friends and if he persists tell a senior manager. As Hennig and Jardin point out: "Most companies are run by decent people and those that aren't, aren't worth working for."

The Managerial Woman; by Margaret Hennig and Anne Jardim; Marion Boyars, 18, Brewer Street, London W1R 4AS; £4.95.

'Yes, our in-house management games have changed considerably over the past few years!'

Business courses

Business, Incentive and Conference Travel Seminar, London Intercontinental Hotel. September 6. Fee: £50 plus VAT. Details from Business Travel Manager, London Chamber of Commerce and Industry, 69 Cannon Street, London, E.C.4.

Post Office Telecommunications—the way ahead?, Cumberland Hotel, London. September 25-26. Fee: £225 plus VAT. Details from Information Studies, Regal House, Lower Road, Chorley Wood, Rickmansworth, Herts.

How to Manage the Human Assets of Your Company, Brussels, Belgium. October 9-13. Fee: BFr 38.000. Details from Management Centre Europe, Avenue des Arts, 4, B-1040 Brussels, Belgium.

Basic Storekeeping, Park Court Hotel, London. August 2. Fee: £35. Details from Institute of Purchasing and Supply, York House, Westminster Bridge Road, London, S.E.1.

Need for living with inflation

BY SAMUEL BRITTAN

THE MAIN value of a well reasoned and sophisticated economic forecast is not as a sure guide to the future, but as a stimulus to thought. One of the most striking aspects of the London Business School June Economic Outlook is the view taken of inflation. After falling to 8.8 per cent this year, the rise in consumer prices is expected to accelerate again to 11.7 per cent in 1979 and stay in the 10 to 11½ per cent range in 1980 and 1981.

The important point is not how accurate these forecasts are likely to be for particular years, but whether they give a broadly plausible picture. It would be pleasant to say that the London Business School have erred on the side of pessimism, but can we really be confident that this is so?

In the whole of the 1970s, the inflation rate was below 7 per cent in one year only and that was 1970 itself. From 1971 to 1973 it wavered between 7 and 9½ per cent. In the four years 1974 to 1977 it was the 16 to 24 per cent range; and the drop to 8 or 9 per cent this year has every appearance of being temporary.

Earnings

One has only to look at the estimated rise in earnings in 1978—some 13 per cent.—to see that the London Business School picture is all too plausible. Taken in conjunction with productivity growth of 2 per cent. at best, this is sufficient to provide double figure inflation.

If the pound had been allowed to rise much earlier in 1977 than in October—or even if monetary and fiscal policy last winter had been designed to maintain the improvement in sterling as part of a coherent long-term strategy, then both the movement of wages and expectations about inflation might have been different. But this advice was indignantly spurned by the establishment—and life made very uncomfortable for Treasury economists who toyed with an upward floating pound—and we are now where we are and not somewhere else.

There are some who hope that Mr. Callaghan will be able to sell to the unions a wage norm of 5 per cent and effective earnings increase of 8 per cent—in the fourth year of a pay policy and in a period of rising economic activity. There are those who hope Mrs. Thatcher will impose much tighter monetary and fiscal limits as part of a credible medium-term strategy. Maybe one or either of these approaches can succeed. But in my view there is at least a 50 per cent. chance that neither of these things will happen and that the London Business School forecasts will be uncomfortably near the mark.

Indeed in one respect they are relatively optimistic. For the greatest harm done by inflation is when the rate is unpredictable, accelerating or widely fluctuating. An inflation rate remaining within the 10 to 11½ per cent. range up to 1981 would be none of these things. What I am of course leading up to is the need to inflation-proof and index our business practices, laws and institutions so that we can adapt to this inflation rate with the minimum dislocation.

Arguments

With a 10 per cent. rate of inflation money loses half its value in less than seven years. To go on in these circumstances pretending that a pound is a pound is a pound is the height of folly. A 1967 pound is now worth about 31p and will be worth 22p in 1981 if the London Business School is anywhere near right.

There are two arguments against introducing general indexation. One is that doing this will weaken the resolve to tackle inflation itself. This might have had some plausibility some 15 years ago; but has it any to-day when we see how the pound has been debauched without inflation? The other is a more specific argument, that indexed wages will be higher (in nominal terms) than unindexed ones. This can be true in a specific year when there is a sudden adverse change and the indexation formula is as optimistic as the Heath 1973-74 thresholds were, but it is not a general rule.

But if we plan for a run of years—and it is about time we did—to say that non-indexation keeps wages down is to say that British trade unionists and their leaders can be fooled indefinitely by inflation and never learn from experience. Above all indexation does not mean the guarantee of any particular real value of wages, tax threshold or anything else. It simply means that they are measured by a numèraire of constant value; and adverse adjustments have to be made openly rather than by stealth.

Wouldn't it be much better to get rid of inflation altogether? Of course. But wouldn't it be much worse to blunder into another decade of double digit inflation without taking any action to minimise its distortions, tensions and wealth-destroying effects?

Finding the best of Australia

WINE

EDMUND PENNING-ROWSELL

WHEN asked where and which are the best Australian wines, my short answer would have to be that it all depends where one is at any particular moment. For while their wine-makers are the most open-minded of producers when discussing their own wines, the flame of local patriotism burns very fiercely in most Australian breasts.

To give a definitive answer would in any case be very difficult, because, unlike in the age-long wine districts of Europe, Australian viticulture and wine-making is still advancing. Vineyard areas are being developed or re-developed, new vineyards planted. For example, Angle Vale, very near Adelaide, was only started in the present decade, and it must be some years before its wines can fairly be judged. Then Geelong, near Melbourne, once one of the leading districts until wiped out by the phylloxera a century ago, has now begun again, and two years ago a hitherto unknown vineyard, Anakie, won a gold medal for its Cabernet-Sauvignon at the esteemed Adelaide show. Then there are interesting new areas in the far south-west mentioned here later on. This is exciting for the promise offered, but inhibiting over-much generalisation.

Here I want to write mostly about some of the smaller estates, but it would be wrong to infer from this that the big firms necessarily make inferior wines. All of them, such as Lindeman's, Penfold's, Seppelt's, McWilliams' Gramp's, and Hardy's produce excellent wines, and I was particularly lucky with Penfold's, who own the fine Grange Hermitage vineyard on the outskirts of Adelaide, and with Gramp's of Orlando.

The best known of the distinctive districts is certainly the Hunter Valley, partly because some of the earliest vineyards were planted there and partly because of its relative nearness—100 miles to the north—to Sydney. The country is very agreeable, with vines growing on the slopes of the tree-topped Brokenback Range of low mountains. The most famous estate is Mount Pleasant, founded in 1921 by the late Maurice O'Shea, and owned since 1933 by McWilliams of Sydney. Typical of many Australian estates is the range of grape varieties grown on its scattered vineyards. They include Shiraz (the traditional Hunter red), Cabernet-Sauvignon, Pinot Noir, Traminer, Riesling, Sémillon, Montils and Trebbiano. Most of the wines are blends, and since my return home I have drunk an admirable Mount Pleasant Pinot/Hermitage 1963, too, long overlooked in my wine bin. Avery's of Bristol are the agents for Mount Pleasant.

Unstable

Elsewhere it would not be difficult to find the Chardonnay and Sauvignon Blanc also in such well-known estates as Tyrrell's, Tulloch's (owned by Gilbeys), Wyndham and Rothbury — a modern architectural pile of distinction in an area where most other wineries form groups of unassuming farm buildings, corrugated-iron roofed. Then there is Lake's Folly, created by a celebrated Sydney surgeon, Max Lake, who not only makes good wine, notably Cabernet-Sauvignon, but has written valuable books on the Hunter Valley and other wine subjects. On the other hand, the climate in the Hunter is unstable and subject to excessive heat and torrential rain—this year just before the vintage. So the district is more of a prestige wine area than a profit-making one, as growers elsewhere will not be slow to tell one. Indeed one or two estates have gone bankrupt but the bulk of the growers remain unmoved in their confidence in their wines. The whites are generally thought the best, notably the Hunter Valley Riesling, which in fact is not a Riesling at all, but a Sémillon, which, nevertheless, tastes a great deal better than the dull wine of Bordeaux.

Probably the most widely accepted top class area is Coonewarra, lying in the remote south of South Australia. The vineyards are planted on a curious strip of *terra rossa*, nine by one miles in area, with limestone sub-soil. It produces excellent "claret," though perhaps made from the Shiraz as well as from the Cabernet, and a blend of both. The wines tend to mature more slowly and last longer than elsewhere.

The best-known, however, of the South Australian districts is the Barossa Valley, 40 miles north of Adelaide, and colonised in 1855 by German Protestants. The vineyards lie in the charming rolling valley, not unreminiscent of the Wiltshire Downs, which, no doubt, is why one part is called Pewsey Vale. A high point is the Kaiserstuhl, a name considered so unpatriotic in the First World War that it was changed to Mount Kitchener and only reverted officially to the original in 1974. Today there are about 800 growers in the valley, the biggest concerns being the Kaiserstuhl Co-operative and Gramps, who both buy in most growers' grapes.

This is basically white-wine country though red too is made. I found Gramp's Riesling Spätlese and Auslese wines very drinkable. The best wines usually come from the adjoining Eden Valley, for it is loftier and so the wines are crisper and more acid. Among other well-known estates where fortified wines are also made, are Yalumba and Seppeltsfield, a beautifully laid-out company estate, dominated by a doric-columned mausoleum, reserved for male members of the Seppelt family, which might seem to carry sex segregation rather far.

Further north is the Clare district, the state's most northerly, and particularly known for its Clare Riesling, which again is no Riesling, but so obscure a variety that only recently it took a Montpelier professor of ampelography to identify it as the Crouchon, a grape that more or less died out in France with the phylloxera. However the wine is sound if not exciting, but some excellent Rhine Riesling is made here, notably by a new winery housed in Clare's old brewery. The property's name of Enterprise may be endorsed by the enthusiasm of the young owner, Tim Knappstein, and by the gold medals won at the Adelaide shows. Other Clare estates making excellent wine include Quelltaler, Stanley (now owned by Heinz!) and Taylors.

South of Adelaide are about 30 estates, grouped in the Southern Vales, notably McLaren Vale. Special claims are made for the reds as rather strong and "gutsy," and I found the Kay Brothers' Shiraz/Cabernet blends particularly fruity and well-balanced.

Perhaps because I visited Western Australia last, I found their table wines especially attractive, nearly all from the new area right down on the south-west "corner" of Australia: the Margaret River, Mount Barker and Frankland near Albany. A doctor planted the first Margaret River vineyard in 1967, and there are over 30 estates today, several of them run by doctors, with only 825 acres between them; and in Mount Barker there are only 20 growers. In rolling country at a latitude of about 35° south this might turn out to produce the best dry table wines in Australia, and it is significant that Robert Mondavi, the distinguished California grower, decided that this was the best area and has planted a 200-acre vineyard. One of the most attractive young Cabernet-Sauvignons that I drank on my trip was Dr. Bill Pannell's Mosswood '75.

Competitive

Here, as elsewhere in Australia, and particularly among the smaller estates, "cellar-door" sales are increasingly important. Urban families establish contact with the wineries which they visit, taste and chat with the wine-maker, often the owner, and return home with several cases in the car boot. Thus the grower by-passes the increasingly competitive trade, makes rather more for his wine, while the visitors, unlikely to have paid for an excellent wine more than the equivalent of £2 a bottle in a country without any duty on domestic wines, may remain customers for life.

Holiday industry's profits fluctuate

BY ARTHUR SANDLES

BRITAIN'S BIGGER tour companies and travel agents are operating in an industry of wildly fluctuating fortunes. from year to year and from company to company, according to a new examination of the travel business.

The report, by Jordans Dataquest, includes exhaustive examinations of the accounts of 50 companies and less thorough reviews of 202 more.

It says: "A comparison of the recent financial operations of some of the main operators shows that there can be a wide variation in profitability amongst the tour operators, and that this can vary dramatically from year to year for any individual concern."

The variations in profit margins on sales ranged from, for example, Thomas Cook at 19.1 per cent, to Cosmos with less than 1 per cent, although Cosmos had twice the sales value. The Travel Club managed 6.9 per cent, Frames Tours 7.6 per cent and Horizon Midlands 4.9 per cent.

True comparisons were difficult because of different year ends and differing accounting systems.

For the future, the market for package tours was likely to continue growing.

The comparative listings put the three most profitable companies in relation to sales as: 1 Thomas Cook (19.87); 2 Martin Rook (12.27); and 3 Swiss Travel Service (10.01).

The ratings for turnover are: 1 Thomson Travel; 2 Cosmos Air Holidays; 3 Britannia Airways (part of the Thomson Organisation); 4 Silver Wing Surface Arrangements (British Airways).

The listings for pre-interest profits on tangible capital employed are: 1 Hunting Lambert; 2 Wings; 3 Pontinental (Holiday Services).

British Travel Agents and Tour Operators, Jordans, Jordan House, 47 Brunswick Place, London N1 6EE.

RACING

BY DOMINIC WIGAN

FOR A RACE with only £1,000 in added prize money, this afternoon's Westenhanger Nursery at Folkestone has made up into a surprisingly competitive affair.

The five-runner field consists of four two-year-olds who won last time out and the Brian Swift-trained Tinted Green, a certain future winner judged on her second to Contented Sole at Epsom.

My idea of the winner is the most experienced member of the quintet, the Newmarket-trained Abdu.

Bill O'Gorman's bay Validar colt has won two of his six races, but his best effort probably came in defeat at Epsom, where he was not beaten far in the Great Surrey Stakes by such speedy animals as Kaunitz and General Atty.

FOLKESTONE

1.45—Abdu***
2.15—Tarenz*
2.45—Rally*
3.15—Training
3.45—Kris**
4.15—United

TV/Radio

† Indicates programme in black and white.

BBC 1

10.55 am Cricket: Third Test—The Cornhill Insurance Test Series: England v. Pakistan. 1.30 pm Bod. 1.45 News. 1.55 Wimbledon Lawn Tennis Championships. 4.18 Regional News for England (except London). 4.20 Play School (as BBC 2 11.00 am). 4.45 We Are The Champions 1978. 5.10 Wildtrack. 5.35 Wombles.

5.40 News.
5.55 Nationwide (London and South-East only).
6.15 Wimbledon.
7.20 The Feather and Father Gang.
8.10 The Standard.
9.00 News.
9.25 Children of the Revolution.
10.15 Cabaret Showtime.
11.00 Tonight.
11.40 Play Golf.
12.05 am Weather /Regional News.

All Regions as BBC 1 except at the following times:—

Wales—5.55 pm Wales Today. 6.15-6.40 Heddiw. 6.40 Join BBC 1 (Wimbledon). 12.05 am News and Weather for Wales.

Scotland—9.55 am Paddington. 10.00 Jackanory. 10.15 Help! It's the Hair Bear Bunch. 10.35-10.55 Three's Company. 5.55-6.15 pm Reporting Scotland12.05 am News and Weather for Scotland.

Northern Ireland—4.18-4.20 pm Northern Ireland News. 5.55-6.15 Scene Around Six. 12.05 am News and Weather for Northern Ireland.

England—5.55-6.15 pm Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth).

BBC 2

11.00 am Play School.
11.55 Wimbledon Tennis.
2.05 pm Cricket: Third Test—England v. Pakistan.
7.40 The Third World War: interview with General Sir John Hackett.
8.05 News on 2 headlines.
8.10 Americans by Desmond Wilcox.
9.00 Sing Country. The Tenth International Festival of Country Music.
9.40 Our Mutual Friend.
10.35 Late News on 2.
10.45 Match of the Day Special: Highlights of Wimbledon and Cricket (Third Test).
12.05 am Closedown (reading).

LONDON

9.30 am A Present from the Past. 9.55 Plain Sailing. 10.20 The Undersea Adventures of Captain Nemo. 10.25 "The Plainsman," starring Don Murray. 12.00 Issi Noho. 12.10 pm Pipkins. 12.30 Parents Day. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Red Letter Day. 3.20 Once in a Lifetime. 4.10 Cartoon Time. 4.20 Breakers. 4.45 Extraordinary. 5.15 The Brady Bunch.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 Survival.
7.30 Charlie's Angels.
8.30 Life Begins at Forty.
9.00 Will Shakespeare.
10.00 News.
10.30 Palestine.
12.00 The Andy Williams Show.
12.25 am Close: A poem by William Blake read by James Coyle.

All IBA Regions as London except at the following times:—

ANGLIA

10.20 am Feature Film: "Man In The Moon," starring Kenneth Moore. 1.25 pm Anglia News. 2.00 Houseparty. 5.15 Horses in our Blood. 6.00 About Anglia. 12.00 Witness to Yesterday. 12.25 am Our Concern.

ATV

†10.20 am Morning Cinema: "Three Hate for Lisa," starring Joe Brown. 11.55 Adventures of Parsley. 1.20 pm ATV Newsdesk. 2.35 The Royal Show. 5.15 Laverne and Shirley. 6.00 ATV Today. 12.00 Something Different.

BORDER

10.20 am Film: "Gulliver's Travels" (cartoon). 11.35 Untamed Frontiers. †1.20 pm Border News. 2.00 House Party. 5.15 Those Wonderful TV Times. 6.00 Lookaround Tuesday. 12.00 Border News Summary.

CHANNEL

1.18 pm Channel Lunchtime News and What's On Where. 5.15 Those Wonderful TV Times. 6.00 Report at Six. 7.30 Rafferty. 10.28 Channel Late News. 12.00 What About the Workers. 12.25 am Visages de France.

GRAMPIAN

9.25 am First Thing. 10.20 Cash and Company. 11.05 A Diary of Civilisations. 1.20 pm Grampian News Headlines. 5.15 Those Wonderful TV Times. 6.00 Grampian Today. 6.10 The Electric Theatre Show. 12.00 Reflections. 12.05 am Grampian Late Night Headlines.

GRANADA

10.20 am Tuesday Matinee: "The Belles of St. Trinian's." 11.45 Kathy's Quiz. 1.20 pm This is Your Right. 5.10 What's New. 5.15 Crossroads. 6.00 Granada Reports. 6.30 Branded. 12.00 What About the Workers. 12.30 am A Little Night Music.

HTV

10.20 am Cash and Company. 11.15 Wild, Wild World of Animals. 11.45 Flower Stories. 1.20 pm Report West Headlines. 1.25 Report Wales Headlines. 2.00 Houseparty. 5.15 Popeye. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 The Quiet Ways of Wales. 7.00 The Challenge of the [illegible]

HTV Cymru/Wales—As HTV General Service [illegible]

SCOTTISH

[illegible]

SOUTHERN

[illegible]

TYNE TEES

[illegible]

ULSTER

[illegible]

WESTWARD

[illegible]

YORKSHIRE

[illegible]

RADIO 1 247m

(S) Stereophonic broadcast
(VHF) Very High Frequency
‡Medium Wave

5.00 a.m. As Radio 2. 7.02 Dave Lee Travis. 9.00 Simon Bates. 11.31 Paul Burnett, including 12.30 pm Newsbeat. 2.00 Tony Blackburn. 4.31 Kid Jensen, including 5.30 Newsbeat. 7.30 Sports Desk (Joins Radio 2). 10.02 John Peel (S). 12.00-2.02 am As Radio 2.

VHF Radios 1 and 2—5.00 am With Radio 2, including 1.55 pm Good Listening. 2.02 pm Pete Murray's Open House (S) (continued from Radio 2, 12.30) 2.30 David Allan (S). 4.30 Waggoners' Walk (also 200kHz. 1484kHz). 4.45 John Dunn (S). 7.00 With Radio 2. 10.00 With Radio 1. 12.00-2.02 With Radio 2.

RADIO 2 1,500m and VHF

5.00 am News Summary. 5.02 Richard Vaughan (S) with The Early Show, including 6.15 Pause for Thought. 7.32 Terry Wogan (S) including 8.27 Racing Bulletin and 8.45 Pause for Thought. 10.02 Jimmy Young (S). 12.15 pm Waggoners' Walk. 12.30 Pete Murray's Open House (S) [illegible]

RADIO 3

[illegible] Concert (S). 9.00 News. 9.05 This Week's Composer: Bach (S). 9.55 Philadelphia Trio (S). 10.55 Cricket: Third Test—England v. Pakistan, including 2.35 pm News. 1.40 The Arts Worldwide and 2.00 Lunchtime scoreboard. 6.30 Lifelines: Work and Training. 7.30 CBSO Proms, part 1 (S). 8.25 Pepys and The Common Reader (talk by Robert Latham). 8.45 CBSO Proms, part 2 (S). 9.30 A Song in the Night, compiled from the writings of John Clare. 10.30 Sheila Armstrong in Lieder (S). 11.15 Elliott Carter and Charles Ives (S). 11.45 News. 11.50-11.55 Tonight's Schubert Song on record (1848).

VHF 6.55 am with Medium wave. 10.55 Piano Recital (S). 11.30 Telemann concert (S). 12.10 pm Cardiff Midday Prom. part 1 (S). 1.00 News. 1.05 The Arts Worldwide. 1.25 Cardiff Midday Prom. part 2 (S). 2.10 Schubert from Bristol (S). 3.10 Symphonies from the North (S). 4.10 20th-Century Music at the V and A (S). 5.15 Jazz Today (S). 5.45 Hindemith, Debussy and Bartok, violin and piano recital (S). 6.30 With MW.

RADIO 4

[illegible]

BBC Radio London

[illegible]

London Broadcasting

[illegible]

Capital Radio

[illegible]

F.T. CROSSWORD PUZZLE No. 3,709

ACROSS

1 Boil for two months (6)
4 Driver gets damp going round hill (8)
9 Old man could be a nut (6)
10 Charge for keeping cattle or money before time (8)
12 Ring back twice to deride (4-4)
13 Threaten one politician with finish (6)
15 Fastener that's always to hand (4)
16 Fellow in bible story could be excused (10)
19 Young bird to throw round shelf (10)
20 Border with soft fibre (4)
23 Cut of meat that's good in France and should have a medal (6)
25 Fish caught and eaten (8)
27 Vicar I'd put in holy surroundings in a ghastly way (8)
28 Share out about one penny for aerial (6)
29 Vagabond has to organise a crowd (8)
30 Tenner sent in return for curdler (6)

DOWN

1 Poker-faced absolutely on vessel (4-3)
2 Write about it being made of distinct parts (9)
3 Overhead cover for article in duplicate (6)
5 Instrument with nothing in order (4)
6 Decoration or title on book (8)
7 Senseless in a north-easterly direction (5)
8 Pedal and mix trade with the French (7)
11 To all intents and purposes doctor goes to meeting (7)
14 Unusually late end for one with no teeth (7)
17 Analyse a stoppage (5-4)
18 Avoiding soldier getting up with no call (8)
19 More distant parent is about right (7)
21 Sarcastic play upon words put to a chap (7)
22 Contention one way is prevalent (6)
24 A joint title (5)
26 Fool left in bed (4)

SOLUTION TO PUZZLE No. 3,708

TOPHAT CRACKSUP
SOUGHT BRINKMAN

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CINEMAS

[illegible]

ODEON LEICESTER SQUARE (930 6111). CLOSE ENCOUNTERS OF THE THIRD KIND (A). Sep. progs. Dly. Doors open 1.05, 4.15, 7.45. Late show Fri. & Sat. Doors open 11.15 p.m. All seats bookable.

ODEON MARBLE ARCH. (723 2011-2) CLOSE ENCOUNTERS OF THE THIRD KIND (A). Sep. progs. Mon.-Fri. Doors open 2.15, 7.30. All seats bookable in advance.

PRINCE CHARLES. Leic. Sq. 437 8181. Mel Brooks HIGH ANXIETY (A). Sep. Perfs. Dly. (inc. Sun.) 2.45, 6.15, 9.00. Late show Fri. and Sat. 11.45. Seats bookable. Licensed Bar.

Strauss in Zurich

by RONALD CRICHTON

What was possibly the last performance of his Elektra attended by Strauss took place in the Zurich Opera House in 1948, a year before his death. The conductor was Knappertsbusch. The two men, at that stage, were not on cordial terms. Knappertsbusch, who knew Strauss was in the town, warned the management that if the "old man" appeared in the theatre he would promptly lay down the baton. So Strauss crept into a box at the back of the stalls after the curtain had risen and crept out again just before it fell.

Ever since 1907, when the still outlandish Salome was produced in this stolidly rather than progressively musical city only two years after the Dresden premiere, Zurich has maintained a good record for Strauss. The composer, who like other distinguished musicians (though for less pressing reasons) found the city a tranquil refuge from Nazi Germany, often conducted there. Most of his operas reached Zurich soon after their German or Austrian premieres. After the war Switzerland produced a notable Strauss interpreter of her own in Lisa della Casa, a much-admired Arabella and Countess Madeleine.

For this year's Festival, there is a new *Arabella*, with Anna Tomowa-Sintow, the *Elsa* of the recent Covent Garden *Lohengrin*, in the title-role. She has sung it elsewhere, and is already well in command of the music, floating out tone not large but lustrous, poised and even, matching a creamy top to a wider range of colours lower down, mistress too of verbal inflection, able to avoid the blandness which can make this never entirely sympathetic character seem too good to be true. Miss Tomowa-Sintow has a noble profile and she wears her dresses regally. She is moving surely and not slowly into the front rank of today's lyric sopranos.

Nothing else in the evening reaches this level. The production of Imo Moszkowicz and designs of Max Röthlisberger, both flirting indecisively with the world of operetta, are without distinction. The handling of the secondary roles is uncertain, with a stiff and staring Count Waldner from the normally resourceful Zaltán Kelemen and an Adelaide wildly over-played by Charlotte Berthold. The Mandryka of Roland Herrmann is so far a disappointment—the right physique and a strong and fruity baritone voice but the wrong approach, with a kind of lumbering petulance in the place of mercurial charm and feudal rages.

As Zdenka the Austrian soprano Gabriele Fuchs "gave" to the point of over-strenuousness. Miss Fuchs has temperament and talent, but though she responded to the Arabella's lead in the duet for the two sisters the tone elsewhere sometimes roughly spun. Arabella's suitors were taken by young singers from the International Opera Studio attached to the theatre. They included, as Lamoral, a promising baritone called Jonathan Prescott. In spite of the

Anna Tomowa-Sintow

presence as conductor of the greatly experienced Ferdinand Leitner, by the second performance the Zürich orchestra had not fully settled down. The genuine Straussian glow only came fitfully.

On the whole, this *Arabella* suggested that it is unwise to undertake a new production of a large-scale opera for a festival which comes in June at the end of a long repertory season. A better idea of the Zürich company's considerable abilities was given by *Il ritorno d'Ulisse*, third of the so-called "Monteverdi cycle" staged by Jean-Pierre Ponnelle and conducted by Nikolaus Harnoncourt—a trio of productions already celebrated and now popping up all over festival Europe—they are coming to Edinburgh later in the summer. *Ulisse* was first given in Zürich last winter and is therefore well played in. There is something after all to be said for the custom of basing festivals round existing repertory productions with (occasionally) grander casts.

For the third time Ponnelle uses his basic Monteverdi set, if "basic" is the word for this elaborate architectural fantasy with statues, stairs, balustrades, and a tall central arch allowing vistas — in the case of *Ulisse* usually waves rolling at angry Neptune's behest. Even with a predominance of black and white Ponnelle contrives an effect of visual over-richness. Too much of everything (and the dramatic points are not lightly made either), yet the flow of the action is powerfully maintained and much of the detail both entertaining and illuminating.

Harnoncourt uses a large band with 11 baroque violins, double continuo and so on—enough in this medium-sized opera house to sound like "a thousand twangling instruments." As before, the musicians wear black velvet uniform; stage and raised orchestra pit mingle. Sackbuts on the stairs for Neptune are all very well, but some effects, for example when the lamenting glutton Irus (Arley Reece) totters into the orchestra, weeps on the conductor's shoulder and is handed a dagger with which to end his days, are embarrassingly coy. The first utterances of Jove (Jozsef Dene) were made from the gallery and the singer—no wonder—lost pitch, a pity in an evening otherwise remarkably free from the intonation problems that usually follow in the wake of authenticity.

The Penelope of Orrun Wenkel is so worn out with waiting and lovelessness that she has gone dry, nervy, spinsterish—halfway to Miss Havisham. Miss Wenkel, whom we know from English Bach Festivals as a fine oratorio singer, skilfully marks the stages of Penelope's slow recognition of Ulysses, showing more relief than joy, leaving one questioning whether the marriage can really work again. Werner Hollweg's commanding Ulysses, clearly not much the worse physically for his long journey, too often falls into a nasal quality at odds with his burly appearance.

One of the strengths of this production (and of the "cycle" as a whole) lies in the number of good singers in the smaller parts. The episode of the suitors' attempts to string Ulysses's bow was excellently done by Simon Estes, Peter Straka, Paul Esswood and Peter Keller. Janet Perry and Francisco Araiza as the young couple Melanctho and Telemachus were both delightful, Maria Minetto was a vigorous old nurse, the interfering immortals included Hans Franzen as a comic Neptune, Renate Lenhart as Juno and, as Minerva, a talented young soprano, Helrun Gardow.

The festival is not, of course, all opera by the local company. The first event this year was a concert by the BBC Symphony Orchestra under Boulez. The Monteverdi "cycle" was preceded by a Britten one (*Lucretia*, the *Screw*, and the *Dream*) given as a multiple *Gastspiel* by Scottish Opera. There is drama in the rebuilt Schauspielhous and elsewhere. Art exhibitions include Liotard (on loan from Geneva), Lalique (glass and jewellery), Christo and Warhol. And for the British visitor, franc-less though he will probably be, there remains the sensation, amazing in these days, of the Swiss tourist industry's efficiency, desire to please and pride in making things work well.

Washington D.C.

Aspects of Twentieth Century Art

by WILLIAM PACKER

The inauguration of Mr. Pei's splendid extension to the National Gallery of Art in Washington was certainly more than excuse enough for celebration; and celebrations there were in the days leading up to President Carter's symbolic first footing—for Americans are as keen on a party as the rest of us. The fact that in that time the interests of society reporters were put before those of us who had come some way to look long and hard at the Art, served only to point a fundamental truth or two about human nature.

But it was by the Art on the walls, that the real celebration was made, the obvious, indeed the only way to put the building through its paces: and if on reflection some of the shows seemed just a little thin, not quite living up to the expectations raised in advance, and reinforced by a series of generous and hefty catalogues, there were nevertheless enough beautiful and important things brought out or borrowed for the occasion, and shown off singly or with their immediate neighbours to the very best advantage, to make any visit a most memorable experience.

When a show is put on, however, the terms that govern the particular exercise must be taken into account. There is always a distinction to be made between the spirit that informs a large, mutable, heterogeneous collection, however well it may be displayed, and that of a closely organised and chosen exhibition, no matter that the one may be taken from the other. To announce as a special treat something to be called "Aspects of Twentieth Century Art," therefore, as indeed the National Gallery in Washington has done in this case, and supply merely the generalised run through the work that is the commonplace of the Tate or the Museum of Modern Art, or of any half-decent museum that concerns itself with the matter, is to invite a certain degree of disappointment.

The parts do not cohere: but, having said that, I must also say that many of those parts are remarkable enough to arrogate to themselves all our attention, irrespective of any imagined didactic thread. The compensations are numerous and notable: good groups of sculptures by Brancusi and Giacometti, a large late carving by Henry Moore splendidly isolated; a major Beckmann triptych, *The Argonauts*; an early Miro Spanish landscape; good Mondrians; and, at one end of the display a spectacular room full of fauves, Marquet, Derain and Braque especially, and a lovely Collioure window by Matisse.

As satellites to "Aspects," physically separate, are two further displays, one given to the huge decorative papiers collés that Matisse made in his last years, along with his Jazz screen-prints of the early forties; the other to "Picasso and Cubism," yet again a title that proves more able to promise than deliver. The earliest Picasso in the group is from 1901, the latest from 1923, and between them we cover at high speed the several phases in Picasso's early maturity, from his early symbolism, the blue period and the rose, through cubism itself and into synthetic cubism, the collages, and so to the simplified, statuesque figures of the twenties.

But the crucial period after 1905, the time of the Desmoiselles, the portrait of

Picasso's 'Family of Saltimbanques' (1905)

Gertrude Stein, the overt concern with primitive art, is sidestepped altogether, making a nonsense of any claim to seriousness in this study of the subject. Instead we are whisked forward to 1910, to high Analytical Cubism: we are shown a few of the works of contemporaries affected by cubism, one or two apiece, and a little of the aftermath—and that is all.

The Picassos admittedly are very fine, the early ones, the *Family of Saltimbanques* in particular, a great joy to see: and the high cubist still-life by Braque, too, is splendid, the very best analytical work here. Altogether they make a very pretty little show that gives us nothing new but the chance to see these great paintings again.

The other show to deal with the Art of our own century is devoted, quite reasonably in the circumstances, to American work, the second in a continuing series under the general heading, "American Art at Mid-Century." "The Subjects of the Artist" is the specific title, taking up a phrase of Barnett Newman's indicating that abstract painting, too, has its subject-matter; and it provides the chance to show seven of the luminaries of the New York School, one a sculptor, treating each to a small one-man exposition on a single theme.

The trouble with a scheme of this kind is that the few must stand for the many, the absentees uncomfortably present in spirit: where is Oscar, where is Bosie — or rather—where is Stuart Davis, where Hans Hoffman, Clyfford Still, William Baziotes? More unfortunately, those actually chosen do not bear up equally under the strain, either over-stretched in such company, or represented by flawed, weak or inappropriate work. There can be no quarrel over the Jackson Pollocks, a handful of large dripped and poured paintings made in 1950, impressively powerful, subtle and beautiful things, nor over de Kooning's Women of the early fifties: and David Smith's Voltri sculptures, made in a few weeks for the Spoleto Festival of 1962, are the happiest display of all, set out again as they were in a small amphitheatre, a formal yet intimate situation. And Gorky's Plow And Song sequence of the mid-forties, surrealist, symbolic, lyrical abstraction, is as strong as it is untypically American.

But the doubts creep in. Motherwell's long-running Elegy to the Spanish Republic seems increasingly melodramatic, full of empty, opportunistic rhetoric: Newman, the radical, idealist theoretician, postures his way through the Stations of the Cross, destroying a field with a florid signature: and, saddest of all, we see Mark Rothko in his last period, just before his suicide in 1970, unable to get himself out of the *cul de sac* by turning round and painting his way back, a great painter unable to accept that really he was painting landscape.

It has been a great weakness in American criticism since the War, infecting the attitudes of American artists to their own work and their place in the World, to overstate the singularity, and the suddenness of the American contribution. Mr. Carmean, writing of de Kooning in his catalogue essay, says: "Woman I is an almost legendary work because of the time it took to paint the picture—over two years." If your breath is that bated, you are likely to say anything: but the point is serious. The further we move away, the truer the perspective; and today we can see how close these artists are to the central Western tradition. They were not the only American artists; they were not truly isolated; they were not the revolutionaries they thought they were: and they were sometimes trapped, even destroyed, by unreasonable reputation: which is to deny neither their influence nor their importance.

Three other exhibitions continue through the summer, quite apart from the Dresden Show that I reviewed some days ago: a Piranesi show, somewhat smaller in scope than the one recently at the Hayward, dealing with the early architectural fantasies: Small French Paintings from the Aisa Mellon Bruce Bequest: and Master Drawings from the Collection itself, and from promised Gifts. All deserve more space than I can give them today.

Covent Garden

Hippolyte et Aricie

by RONALD CRICHTON

Sunday's single performance of Rameau's "tragédie-lyrique" *Hippolyte et Aricie*, the first staging of the work in London, was an epilogue, and a remarkable one, to this year's English *Bach Festival*. Meanwhile the production has been seen in other places, such as the Royal Theatre at Versailles (as reported here by Nicholas Kenyon) and, without costume, in the Sheldonian at Oxford. Before anything else, Lina Lalandi and her colleagues deserve several fanfares on baroque trumpets (in tune if humanly possible) for their courage in conceiving and carrying through such an enterprise.

In style the production was an extension of last years *Princesse de Navarre* divertissement, applied this time to a full-length, major work. The producers were Dene Barnett (a specialist in Baroque acting and gesture) and Michael Holmes. Belinda Quirey and Michael Holmes were responsible for the choreography, in the Baroque "danse noble" style. Jean-Claude Malgorie brought some of his Grande Ecurie players from France to join the EBF Baroque Orchestra and Chorus. Authentic instruments, tuned a semitone lower than modern pitch, were used.

One improvement this year was the raising of the orchestra pit so that the handful of instruments, though they still did not make enough sound for Covent Garden, could at least be clearly heard. Another was the improved lighting, less unflattering than before to costumes painstakingly (and in many cases sumptuously) recreated from the designs of Bocquet at the Bibliothèque Nationale in *Paris*—their materials and colours were intended for a very different kind of illumination. One set (from *Ballo in maschera*) was used throughout. It did not look bad, but it could only serve as a static token for the mobile elaboration of the Baroque scenery and machines of Rameau's day.

The chorus moved little: movement was left for the most part to the principals and to the dancers. The gestures, generally familiar to anyone who has browsed in books on stage design or looked at old prints and paintings look occasionally affected and (at moments of high drama, for instance when Theseus surprises Hippolytus with Phaedra) comic, but by the end of the evening one was beginning to accept them. Perhaps Mr. Barnett's main and not unimportant achievement was to make a company of opera singers move and hold themselves better than usual.

A group of 12 dancers undertook the divertissements which are an integral part of this kind of spectacle. The movements were pretty, flowering, mildly expressive: Rameau's dancers surely had stronger personalities—and were nearer the spectators. Daint'ness more than once crept in, and sometimes, for example in the G minor "Air" in act one, the choreography was pallid compared with the suggestive music. The pleasure of seeing the plumes, *tonnelet* skirts and fantastic gear of the period in motion is not to be despised even if the result is less than overwhelmingly convincing. Miss Quirey's prickly note in the programme-book will no doubt draw replies from those qualified to make them.

Some light was thrown on some of the problems of staging Baroque opera. Whether the evening did so much for the cause of Rameau in general and *Hippolyte* in particular is another matter. *Hippolyte* is a great work by a great composer; full of varied music — enchanting, colourful and brawny (the word is girdlestone's) music. Even the stretches of French declamation which newcomers to Rameau find rebarbative come to life if you take trouble to follow the text (had there been librettos available it would have been possible to read them, since the house lights were only dimmed, and quite right too). In particular, the recitatives of Theseus, striding up and down the baritone register, are very striking. There is the solo music (for Phaedra and Theseus especially), big choruses like the festal "Que ce rivage rentisse" in act 3 and a treasure-trove of the dances in which Rameau's invention, as ever, overflowed.

The singing, all difficulties considered, was worthy of the occasion. Rameau's operas and opéra-ballets abound in small parts not always directly concerned with the plot but furnished with rewarding (and taxing) airs or ariettes; on Sunday there were one or two failures and one mystery—why engage the excellent Eiddwen Harrhy and only give her one role, the High Priestess, to sing?—but there were also successes, including Anne-Marie Rodde and Anthea van den Driesen. In the title-roles Ian Caley and Marilyn Hill Smith succeeded through good musicianship in animating characters fated as a rule to pale beside the more interesting Phaedra and Theseus.

Carolyn Watkinson, clad in blood-red, made Phaedra seem a not-so-distant forerunner to Mozart's Electra. Miss Watkinson was especially strong in Phaedra's last recitative, with which she greets the news of the supposed death of Hippolytus. Phaedra is well served by Rameau, but Theseus has the finest music of all, so musically and stylishly sung by Ian Caddy that one barely noticed that his tone is not ideally full for such a large auditorium—it was a pity, when one or two purely decorative airs could have gone and too many dances did (a later version of the act-three divertissement was used, to no great advantage) to lose Theseus' last scene. Béatrice Cramoix made immediate sense of the movements of the odious Oenone. John Tomlinson's burly bass was welcome in a score dominated by high voices, but he tends to boom.

Jean-Claude Malgoire hurls himself at the music like a Baroque Bernstein. But no amount of physical energy at the conductor's desk will make six Baroque violins sound like more, even with the Covent Garden pit raised. For the Monteverdi productions at Zurich Harnoncourt had 11 violins in a smaller theatre, and their tone was sweeter—by comparison Sunday's players sounded like shrill soubrettes heard after an Elisabeth Schumann.

The Bach-like accompaniments in the central acts of *Hippolyte*, to say nothing of the more lightly scored ones, came over so meagrely that one fears listeners who have not heard this opera done with modern instruments may have gathered only a hazy notion of the real strength of the music. Mr. Malgoire had some difficulty in keeping stage and pit together: the fact that for some of the time the male chorus were in the pit, a long way from the ladies on the stage, may not have helped. And yet—doubts, inconsistencies, inequalities and all—the enterprise was well worth the doing, and no-one else in London would have done it.

St. John's, Smith Square

Lucrezia Borgia

Lucrezia Borgia, in common with a number of other tragic operas by Donizetti, remains on the fringe of the repertory today because the title role provides marvellous opportunities for a star soprano. Prima donnas from Grisi and Tietjens to Sutherland and Caballé have found Lucrezia both dramatically rewarding and vocally a most effective part to sing. Helen Lawrence, the Lucrezia in Sunday night's concert performance given by Abbey Opera at St. John's, Smith Square, certainly discovered a wide range of emotions in the music, even though she was denied the extra dimension of a staged performance.

The character drawn by Donizetti and his librettist, Felice Romani, following in the footsteps of Victor Hugo, is by no means wholly unsympathetic. Lucrezia's affection for her son Gennaro—who remains unaware of the relationship until a few seconds before his death — is wholly disinterested and benevolent. Her entrance aria, "Com'è bello," reflects this side of her personality, just as the duet with Alfonso d'Este, in which she reminds him that he is her fourth husband, reveals a more sinister aspect of her complex character. In the superb aria finale "Era desso il figlio mio," the two apparently opposing strands unite to form a convincing, three-dimensional portrait.

Helen Lawrence phrased "Com'è bello" with much tenderness and expressed the threat to Alfonso as venomously as could be desired. In the ensuing trio her fear for Gennaro's safety was equally powerfully conveyed. The final scene found her in agile voice, an edge to the tone quite appropriate and in character. Graham Clark, who sang Gennaro, did not allow sufficiently for the very resonant acoustic of St. John's and was apt to press unnecessarily hard on his keenly focussed voice. But in the aria "Anch'io provai" (added by Donizetti for the tenor Mario) he struck exactly the right lyrical tone, while his death scene was movingly communicated. ELIZABETH FORBES

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Tuesday July 4 1978

The case for co-ordination

THE RUMOURS and counter-rumours which have been circulating in the last few days about a possible German growth commitment, the terms on which an enlarged EEC currency snake might be workable, and whether the French might rejoin, leave an unmistakable impression that while bargaining positions are sedulously being kept open, the talk of moves toward European monetary union is serious. German interest has been openly declared since the Chequers meeting; the British response, while almost entirely muted, has been positive. The Commission and the existing membership of the EEC currency snake naturally have the keenest interest in a wider arrangement.

Least serious

There is a tendency on both political extremes to brush such talk aside as fatuous. The firmest believers in market forces, including some influential voices in the City, regard any arrangement to stabilise exchange rates as unworkable as long as inflation rates differ widely. The hardened anti-Europeans of the Left suspect that some unacceptable sacrifice of sovereignty is being prepared. These are the least serious of the difficulties in the path of agreement.

One reason for British interest in the scheme is the realisation that in an open economy—and nowhere so open as on its European frontier—parity changes have only the most restricted and transient effect on trade, but may have a large and permanent effect on the price level. Smaller economies, such as Ireland and Holland, have long realised that their fortunes are irrevocably tied to those of the British and German economies respectively, and that they must learn to live with the monetary consequences, though these can be unpleasant.

The idea that Britain is now becoming a small economy in the European context is, however, only part of the case for a more orderly arrangement. We are also financially exposed; and the experience of recent years suggests that exchange rate movements in the floating market tend to be excessive and destabilising in the short run, even if in the long run internal and external prices tend to a competitive balance. Industry's financial and market planning is disrupted by large and frequent movements in exchange rates and interest rates; a more stable relation with our principal markets, and a structure of interest rates related to the less volatile rates ruling in Europe, could offer considerable domestic advantages.

The supposed sacrifice in sovereignty in a closer co-ordination of monetary and fiscal policies is an illusion on several grounds. First, the Government could hardly hope to convince its most ardent supporters that it has been in sovereign control of events under present arrangements. Secondly, policy co-ordination has of necessity been getting steadily closer for some years. Finally, the argument cuts both ways; if Mr. Callaghan and Mr. Healey could come back from Bremen with a meaningful German growth commitment of the kind they have so long been urging, they will certainly claim this sacrifice of German sovereignty as a triumph.

If only the principle had to be agreed, indeed, the most contentious issue at Bremen might be whether any snake should be a purely European arrangement, limiting parity movements against some common European standard — probably the Unit of Account — or whether it should be part of some wider plan for stabilisation. The practical difficulties, and the state of official U.S. opinion, argue for a purely European approach.

Regional policy

The real difficulties are likely to be on specifically European issues. Britain has always argued for a regional policy which would pay regard to other declining industries besides agriculture, and it has been very difficult to achieve any meaningful progress. Some reform of the CAP, coupled with a rationalisation of the present "green currency" arrangements, must be part of any sensible plan for closer union. The technical details of floating within wider bands adjusting where it is essential for relative inflation, and for mutual support, are all contentious, and are unlikely to be settled at Bremen despite the heavy preparatory work of the summer. The most it may be realistic to expect is a fairly detailed declaration of intent on both growth and co-ordination; but this limited progress would be a great deal better than nothing.

Saving British fish stocks

UNILATERAL ACTION by the UK to conserve fish stocks had been widely expected following the latest failure to reach agreement on a new EEC fisheries policy in Luxembourg two weeks ago. Now that the measures have been formally announced, they are unlikely to be particularly controversial in British political terms. The Conservatives are increasingly throwing their weight behind the pugnacious stand on fisheries that Mr. John Silkin, the Minister of Agriculture, has been taking in dealings with the other EEC Governments. Even the European Commission is unlikely to challenge most of yesterday's measures, which the Government has a good case for introducing under already agreed Community procedures.

Necessary

Provided the Government can prove that its measures are genuinely non-discriminatory (that is, they apply to British as well as other EEC fishermen), that they are intended to conserve stocks, and that they are urgent and necessary, it should be able to avoid an appearance before the Community's Court of Justice. The UK is, in any case, only committed to seeking the Commission's approval for unilateral measures, not necessarily to waiting for it to be given. The main complaint from the British fishing industry is likely to be that the Government has not gone further. The expected banning of nets of more than one mesh size is only referred to as a future possibility in Mr. Silkin's statement.

With an election approaching, the present bi-partisan line towards EEC fisheries policy in Britain is unlikely to come seriously unstuck. Neither party will want the other to be able to claim that its line is tougher in defence of British fishermen's and the country's interests. It is, therefore, most unlikely that the issue can be solved in Brussels or Luxembourg before a British general election. If, however, the UK's Community partners think that they have only to wait until after the elections for significant concessions from a new British Government, whether Conservative or Labour, they are likely to be mistaken.

Britain's aggressive handling of the fisheries issue has left much to be desired, as has its handling of many other EEC problems. The other countries, however, have contributed to the present impasse by consistently under-estimating the strength of British feeling on fishing and its potential explosiveness as a political issue.

The UK is entitled to take reasonable measures to conserve fish stocks in its national waters in the absence of an overall EEC fisheries agreement. Fish has traditionally been one of the country's few major natural resources, and British waters are by far the biggest single component of the new Community "pond" in the era of 200-mile limits. It is not in the interests of either British or continental fishermen that these resources should be wasted by irresponsible over-fishing.

Negotiating

There is no reason, however, why it should not be possible to reach a compromise calmly, round the negotiating table. The Commission and the other eight members states have come a long way towards recognising the strength of Britain's arguments, and Mr. Finn Gundelach, the Agriculture and Fisheries Commissioner, has not ruled out further modifications in the Commission's position. Britain's feelings are strong, but so are those of many of the UK's Community partners. If Britain had not acted so abrasively in the Community over the past few years, there might be more sympathy when for once it has a reasonably good case.

Spillers' hard road to renewed viability

BY RICHARD LAMBERT, Financial Editor

DOCUMENTS published by Spillers today disclose the cost of its withdrawal from the bread baking business, announced in April. Nearly 8,000 full- and part-time employees have lost their jobs, shareholders funds have been chopped back by over £22m and, for the time being at any rate, the group is being managed in close consultation with its bankers. The question that has to be answered is how far these grave social and financial burdens are the result of inevitable circumstances, and how much of the blame lies with management.

Spillers itself has no doubts about the answer. Bread consumption has fallen by nearly 2 per cent a year since the 1950s, a period of almost continuous Government intervention in bread prices. Spillers was number three in an industry which has virtually no brand loyalty and has been increasingly squeezed by the buying power of a few large supermarket groups. Unlike its two big rivals, Associated British Foods (ABF), and Ranks Hovis McDougall (RHM), it had virtually no retail outlets for bread within its own organisation.

Production costs

"The profile of our business made us the most vulnerable to pressures in the baking industry," Spillers' chairman, Mr. Michael Vernon, said yesterday. "Our production costs were no higher than those of RHM, but our weakness lay in our high level of trade with a relatively small number of multiple groups." He added that there had been no particular point in the group's history where a different course of management action might have saved the baking business.

Other groups take a less fatalistic line. Mr. Garry Weston, ABF's chairman, argues that "in a price war, the fellow with the lowest costs will be the survivor." In the late 1960s, ABF was the weakest of the big three in terms of age and condition of its baking side after this had been bled to provide capital for the group's expansion in retailing and overseas.

"We decided to commit ourselves to the baking side," Mr. Weston says. "At a time when industry as a whole was predicated to takeovers and diversification, we believed that our salvation lay in doing a proper job with what we had in hand."

Accordingly ABF started to shed its periphery businesses. It got out of animal feeds, pork products, plastics and engineering. Its cash flow was concentrated in the milling and baking business with the result that in the past 10 years it has spent £80m on the baking side alone, with a further £20m committed for the current year.

By contrast, Spillers spent under £5m in modernising, rationalising and re-equipping its bakeries during the four years to January 1976. In the early 1970s, the book value of ABF's baking assets rose by some 90 per cent, RHM's rose by only 8 per cent and Spillers' fell by 10 per cent.

This spending had a dramatic impact on the relative efficiency of the businesses. In 1976, over four-fifths of ABF's bakeries had a rated capacity of 19 or more sacks of flour an hour. For RHM the figure was just under a half, and for Spillers it was under two-fifths.

On some estimates, ABF was capable of producing bread at ½p less per loaf than Spillers. Given the UK's weekly consumption of roughly 50m 28 oz loaves, those ½p's all added up. With a market share of just over one-fifth, ABF lost around £2m on baking in the year to April. Spillers, with about 16 per cent of the market, lost a crippling £9.7m in the year to January.

Breadbaking has been a drain on the liquid resources of all three major producers in the 1970s, and during this time the profits on bread alone have never been attractive enough to warrant much capital investment. But for each group the baking business has been closely bound up with the flour milling side, where it has been possible to make very high returns on capital employed. The weakness of Spillers' baking side has now had uncertain consequences for its flour milling business. Where its competitors benefit from a degree of vertical integration (from flour to bread) Spillers must now sell most of its flour output outside, and has had to close down some capacity as a result.

While ABF was cutting its baking costs by investing in modern baking plant the emphasis of Spillers' investment lay outside its existing interests. It attempted to broaden its share of the bread market by acquisition and it widened its range of products considerably during this decade.

In 1972, Spillers took over the milling and baking business of the Co-op and J. Lyons. The move increased its share of the bread market from around 11 to 17 per cent but, in the words of one critic, "it was like two weak men leaning on each other and expecting to become strong." The new business brought a number of rather ancient bakeries into the group. But Spillers' weakness lay in the absence of tied outlets for its bread.

Outside its traditional areas of activity, Spillers made a major diversification into the meat business in 1969—slaughtering and wholesale and retail distribution—and in 1973 it purchased Mario and Franco Restaurants. The combination of Spillers' financial strength and knowledge of the food industry with Mario and Franco's expertise and flair should, it said, form the basis for an important restaurant and catering business.

Late in 1975—some months after the major bakers had started talking to the Bank of England about the fundamental weakness of the baking industry—Spillers raised over £12m from its shareholders "to take advantage of opportunities for developing the group's business both at home and overseas." This money was invested in short-dated gilt-edged stock until the beginning of this year. Then Spillers moved into the U.S. for the first time with the acquisition for $19½m of a manufacturer of flour-based food ingredients. So far this has proved an expensive diversification for shareholders, who subscribed to the rights issue at 38p per share, compared with the current price of under 30p.

According to Mr. Vernon, "Our diversification has sustained us through our difficulties on the baking side." But in financial terms, the results have not always been consistent. Between 1973 and 1976, the capital employed by Spillers outside its baking and milling activities rose by two-fifths to a figure well in excess of that tied up in its traditional operations. But profits stagnated at under £10m before tax and interest.

The unfolding of Spiller's strategy leaves the impression that whereas the group really needed to concentrate its efforts and resources on its existing business, it was either compounding problems for itself by acquiring a larger share of the market, or investing in areas that could do little to help with its underlying malaise.

Aggressive inroads

Maybe history played a part in the story. Spillers, like RHM, started life as a flour miller and only moved into the baking industry in the 1950s to protect its outlets against the aggressive inroads being made by ABF. Perhaps it had less of a commitment to bread than ABF, a baking business which only decided to enter the flour milling industry in 1961 in order to protect its sources of supply against the day when the UK entered the Common Market.

The different attitudes of the two groups was reflected in their evidence to the Monopolies Commission a year or so ago. Spillers' somewhat negative approach was that "if it did not have its baking business it would run the risk of losing substantial economies of scale in milling." ABF, on the other hand, took its decision to spend money on its bakeries "because that is where the future of the mills lies—in being able to sell bread."

If the story shows that with a different strategy Spillers might have been able to remain a competitive baker, then part of the blame must be borne by its shareholders. It has been clear for some years that a crisis was developing in Spillers' bread side yet at no time did its institutional shareholders attempt to assess what was happening, or have any impact at all on the group's affairs.

About the only institution that can take a measure of credit for the outcome is the Bank of England. The fate of Spillers meant different things to different government departments—Prices, Agriculture, or Employment—and there was no unanimity within the baking industry itself until the last possible moment. Against this background of different vested interests, just about everyone seems to have a good word to say for the Bank, which lent a sympathetic ear to the bakers' worries in 1975 and played an increasingly active role in the few weeks before Spillers made its announcement.

Throughout it was anxious not to interfere in any way with the traditional role of departments of Government. But it was able to provic discreet guidance to Spille during the anxious period in tl second half of March befo final agreement was reach with other bakers. It acted an honest broker by keepi various branches of Governme in touch with events and ea other. And above all, it we out of its way to ensure th any workable industrial arrang ment was not fouled up by uncoordinated approach to t financial problems. The Spiller affair marks the first time th the Bank has been seen public playing this kind of role.

Thanks to this steadyi influence, today's documents di close that Spillers has come a new arrangement with bankers which gives it substa tial short term facilities pen ing new terms. These a expected to be completed the autumn and should put tl group's funding on a mo permanent footing. Under tl temporary agreement, Spille will have to consult with tl bankers about dividend pa ments, or any capital spendir in excess of agreed levels. Bu says Mr. Vernon, "this is n in any way arduous to the cor pany," since it does not requi it to do anything that it wou not already want to do und the circumstances.

In financial terms, the loss on bread have given the balan sheet a distinctly stretche appearance. Shareholders' fun amount to £88m, a figure whic drops to £62m if goodwill an the assets in Rhodesia a stripped out. This is supportin some £58m of bank borrowing and another £17m of lo capital.

However profits are set to ris substantially now that bakin losses are in the past. RHM ha agreed to take 90 per cent the extra flour which it requir for its baking interests fro Spillers for the next 10 year And there is a similar deal wi ABF, which will take 75 pe cent of its extra requirement from Spillers this year, and 5 per cent for the following fou years. As a result, the millin side is now said to be on secure footing, and profits fo the group as a whole (exclud ing this year's residual bakin losses) could be running at an annual rate of perhaps £16m t £18m pre-tax.

So Spillers is now a smalle but perfectly viable business But although its biggest proble has been resolved, its remain ing businesses are in highl competitive areas of the foo products and grocery markets— milling, canning, meat distribu tion, pet foods—where the pres sures may if anything becom greater over the year. Th credibility of its managemen has taken a heavy knock, an shareholders and the remainin employees are now being aske to take the promise of futur performance on trust.

COUNTDOWN TO THE CRISIS

1975

SPRING: Big three bakers go to the Bank of England to discuss structural weaknesses of the industry. Working party set up under Ministry of Agriculture.

AUTUMN: Spillers raises £12.4m from its shareholders "to take advantage of opportunities for developing the group's business both at home and overseas." The money is invested in short dated gilts, held by a specially formed subsidiary in Guernsey.

1976

APRIL: Working party completes its (unpublished) report. Concludes that price controls damaging even the most efficient companies, and that rationalisation is necessary. Hesitant about taking firm action pending the Monopolies Commission report.

1977

JANUARY: Removal of statutory maximum discounts on bread prices. Discounts not to be treated as allowable costs for price control purposes.

JULY: Monopolies Commission finally reports after 3½ years. No major changes proposed.

AUGUST: Bakers' Federation meets Minister of Agriculture, Mr. John Silkin, to discuss the possibility of an industry solution to the bakers' problems.

SEPTEMBER: National bakers' strike.

OCTOBER: Spillers announces plans for a $19½m U.S. acquisition.

NOVEMBER: Bakers' Federation writes to Mr. Silkin proposing minimum price for bread, reintroduction of discount controls, statutory control of margins on the lines of those applying to milk, and rationalisation. A. B. Foods dissents: the future of the industry should be left to market forces.

NOV.-DEC.: Various meetings between industry and Agriculture Ministry officials. Spillers floats the idea that its baking side might be bailed out by RHM.

1978

JANUARY 17: Prices Minister, Mr. Roy Hattersley, meets Bakers' Federation and the unions. Says there is no scope for changing price rules: question of rationalisation is for the Ministry of Agriculture.

JANUARY 30: Mr. Silkin tells Bakers' Federation that "if there is a consensus amongst your members that this subject should be pursued further, perhaps you would let me know."

FEBRUARY 14: Meeting of Ministry officials with the Bakers' Federation to explore the possibilities. There might be a case for an Industry Act scheme, but real problems for the Ministry if only two of the big three concur.

MARCH 21: Spillers chairman, Michael Vernon, calls on the Governor of the Bank of England. The bread side of Spillers has serious problems, but no agreement with the other two bakers on how to cope.

MARCH 22: All three bakers call on the Bank, with news of their agreement. Government informed, and a meeting held that afternoon with officials from the Ministry of Agriculture, Department of Prices, Treasury and the Bank.

At the same time the Bank of England, fearing a crisis, calls in Spillers' bankers and asks them to stand firm.

APRIL 7: Spillers announces decision to pull out of baking, making almost 8,000 workers redundant.

MEN AND MATTERS

Red flares at Boots and Coots

John Wayne telephoned the oilwell blow-out expert, Red Adair, at the weekend. What had gone wrong, the film star wanted to know, between Adair and his former henchman, Boots Hansen and Coots Matthews?

Wayne had met the three ten years ago, when he made the film "The Hell Fighters" — in which he had starred depicting Adair. Why, he asked, had Boots and Coots gone into competition with Adair, claiming he had fired them when they asked for a piece of the action?

When Wayne put the telephone down, Adair telephoned me. I had written in May about the complaints of Boots and Coots and Adair told me that it had "kinda hurt my pride to be talked about like that" and that people had been "phoning from all over."

Adair's comments bristled with fruity Texan expletives—which I feel constrained to leave out. "Where would Boots and Coots be without me? I took them on 20 years ago when they were nothing. Since then they were paid damn good. Before they left they were earning $150,000 a year, with all expenses paid and a new Cadillac every two years, plus 15 per cent of the profits."

Coots's remark to me in May that they had not enough money to burn a wet mule (whatever that means) caused Adair to splutter: "Coots has a whole stable of racehorses." He also told me that he paid Boots's debts and kept Coots on the payroll for two years when he had hurt his neck in a hunting accident and later broken his leg. "For years we were like brothers."

Adair still seems to be doing fine without his former lieutenants. He told me he had done 38 jobs since Boots and Coots were sacked by him in January, had just capped a well in Iran and was busy with oil fires in Kuwait and Sumatra.

But he considers wickedest cut the implication that it was Boots who had capped the wild Bravo well on Norway's Ekofisk field last year. "I came over from Texas and capped it myself," Adair told me. "How could they do this to me? Why couldn't they behave like gentlemen? I want the whole world to know how I feel: I feel kinda sick." You could imagine John Wayne using those very words in the Red Adair wide-screen sequel.

"By 'Votes for Women' I don't mean votes for Mrs. Thatcher!"

Harder line

A 500-page tome on what has gone wrong with communism in Eastern Germany is not many people's bedside reading. Neither would many people consider a recipe for eight years' imprisonment. But that has just happened to Rudolf Bahro, a 43-year old East German, whose book The Alternative has led to his being convicted of "espionage and traitorous activities."

The sentence was given out at the weekend after a secret and closed trial. A West German spokesman yesterday talked of such violations of human rights worsening the atmosphere between the two countries.

The poet Wolf Biermann, expelled in 1975, has also condemned the decision. As for Bahro himself, he had long been a leading party economist, which is why one top East German official, commenting on the case of Biermann and Bahro mutters: "We are a strange people, exiling our Mayakovsky and imprisoning our Marx."

Rising Chung

South Korea in 1978 is emulating Britain in the Victorian period—at least as far as the creation of family fortunes is concerned. A century ago, Britain's industrialists were garnering wealth from the four corners of the world. But there must be few figures today who can watch the £9.5m pre-tax income which Chung Ju-Yung achieved in 1977. Chung, who heads the Hyundai conglomerate, is one of five brothers who have made their fortunes in post-war South Korea. His income is more than twice that earned by Cho Chung-Hoon, chairman of the Hanjin group: Cho is second in the list published by Korea's National Tax Administration. But even the tenth on the list earned above £1m, and the 100th more than £250,000.

That free-spending Korean financier, Tong Sun Park, whose name causes tremors in Washington, does not appear among the top 100, presumably through being resident abroad. Nor apparently does the Reverend Sun Myung Moon, another South Korean who has attracted publicity. Moon, who has two weapon-making factories in South Korea, is head of the Unification Church in the U.S.

The top Korean income is equivalent to 2,000 times the GNP per head; Chung pays an average tax rate of 50 per cent. The average tax on higher incomes is 30 per cent—apparently slightly lower than in 1976. Perhaps Whitehall might like to publish a similar list showing Britain's top incomes (before and after tax, of course).

Old friendships

Amid all the alarums and excursions—and horrors—near his own borders, President Hastings Banda of Malawi pursues his own course. Nobody would call him a liberal democrat, but this week he is celebrating the 20th anniversary of his return to his African homeland. Once he had been a doctor in London, and this week he has missed no chance to praise Britain. His particular hero is the late Ian Macleod, who released him from detention in Rhodesia. "I am sad he is not in this world any more." So Dr. Banda has invited Macleod's widow to the celebrations. "Although she is on crutches after an accident, she insists on coming," he says happily.

Militant mouthful

The revolutionary spirit reaches right down to the breakfast table in Cuba. The chamber of commerce in Havana has announced that a factory will be starting production in Cienfuegos in September "in honour of the martyrs of the popular uprising in the city" in 1957. The factory will turn out 4.7 tons of cornflakes daily.

Last crust

Although Spillers quit the bread-making industry in April, it has retained its cake-baking interests. The trading name: Memory Lane.

Observer

FINANCIAL TIMES SURVEY

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Northern Ireland

More money is being pumped into N. Ireland by Whitehall to bolster its economy. Pointers so far are encouraging but the question remains whether financial aids and incentives are enough to resolve the Province's basic political problems.

Possible turning point

By Giles Merritt

TWO YEARS ago Northern Ireland appeared to be accelerating towards economic collapse. The shortfall between its dwindling revenues and its public spending was doubling every year, and internal government estimates showed that it was fast approaching an annual bill of £1bn for the British taxpayer.

The Province's engineering output index had dropped back close to its 1963 base of 100, and crucial *industrial operations* such as Belfast's Harland and Wolff shipyard faced serious threats of closure. The shipyard sub-contracts out to hundreds of smaller companies, so the ripple effect could have been disastrous. As it was, following UK defence cuts that hit the Province hard and a wave of prunings at companies ranging from Standard Telephones and Cables to Rolls-Royce, unemployment was getting out of hand. Local politicians, on both sides of the sectarian divide, forecast that it could reach 18 per cent by the autumn of 1976.

Unemployment

Yet *Northern Ireland today* has regained much of its lost self-confidence. In terms of its economic outlook it has gone from sinking to swimming quite strongly. This is partly *because the tides of inter-*national investment and demand have turned, but mainly be*cause it is kicking out strongly.* Most of the Province's root problems remain unsolved of course. *The level of unemploy*ment has been "contained" at *around 12 per cent, the highest* for almost 40 years and twice the UK average. The subven*tion that tops up the Northern* Ireland Exchequer is well past the £1bn a year mark, although Whitehall is understandably reticent over publishing consolidated accounts. To the extent that it is possible to leave these two vital and disheartening indicators aside, though, things are looking up.

It would be idle to pretend that the Province is not still balanced on the knife edge of *political dissatisfaction and* simmering violence. A return to the civil chaos and paramilitary strife of 1969-76 could well puncture hopes of industrial recovery, for it is no accident that the stirrings of economic improvement have coincided with the comparative peacefulness of 1977 and the first half of 1978. Whatever reassuring statistics the Northern Ireland Office and the NI Department of Commerce may put out—notably that the murder rate is almost three times higher in, say, *Detroit*—the fact remains that incipient civil war is a formidable disincentive to industry.

Currently the hope is that in five or 10 years time March 1978 will stand out as a turning point *in N. Ireland's fortunes.* For it was then that Mr. Roy Mason, the Northern Ireland *Secretary, was able to announce* the first new U.S. project in the Province since the troubles and *the world-wide economic reces*sion began to take a grip. The £10m plant being set up by AVX Corporation of Great Neck, New York, to manufacture capacitors near Coleraine is modest enough, but it marks the difference between totally *fresh investment and the in*creases in capacity that have been the rule in recent years.

During the 1970s foreign investment in Northern Ireland has been limited to the enlargement of existing investments by such companies as Autolite, Ford, DuPont, Berkshire International and Hughes Tool.

The AVX plant is expected to serve as the base for a European marketing drive in the data processing, aerospace and telecommunications fields, and that would undoubtedly help strengthen the Province's argument that it is an ideal *location for exporting industries.* Northern Ireland exports have in fact increased by over 100 per cent *since the troubles* began nine years ago, and stand at around £1,000 per head of population. *By that yardstick* Ulster is two-thirds more export-orientated than Britain and twice as much as the Irish Republic.

The real significance of the AVX decision, however, is that it should give a fillip to the NI authorities' efforts to sell the Province as an investment location that is fully competitive with the Irish Republic.

AVX, it is reliably understood, had originally looked hard at the Dublin area. And while the Republic's lead over the North is indisputable—it currently has about £½bn worth of foreign investment in the pipeline, as against N. Ireland's mere half-*dozen or so projects*—the gap on investment incentives has been closing rapidly.

*Early last year a Brussels-*based consultancy called Plant Location International, which *claims to have advised* on 400 investment projects worth more than $4bn, raised eyebrows in Dublin *with a survey of invest*ment incentives. Much to Ireland's *surprise*, the schemes that have been so vigorously promoted by the Republic's *Industrial Development* Authority did not sweep the board. N. Ireland, according to the survey, had the best overall range of incentives because it had the broadest appeal to large and small projects alike.

That survey, which selected Ireland, N. Ireland and Italy as sharing top honours, was in fact published before the NI incentives were further strengthened. At the beginning of August last year Mr. Mason unveiled a £1bn package designed to beef up the *Province's appeal overseas.* One third of the funds went towards funding the Northern Ireland *electricity service's debt, with* the intention being that of reducing its power charges so *that they are comparable with* those on the British mainland. That NI's energy charges had been on average 30 per cent higher than in Britain was *widely* regarded as being as much a minus point as the troubles themselves.

By earmarking a further £700m for industrial development aid up to the end of 1983, Mr. Mason has put together an attractive incentive programme. Grants made directly to new investors in unemployment blackspots has gone from 40 per cent of capital costs to half. At the same time, new tax reliefs complement an array of secondary grants for construc*tion, training, research* and development and rates abatement. The incentives, in their *improved form, may eventually* turn out to make all the difference, but it is the Northern *Ireland workforce's record on* productivity and industrial relations that Mr. Mason and his salesmen *are giving* equal prominence to.

During the period 1969-76, N. Ireland's productivity increased by 37 per cent. The *official figure* for the UK as a whole was 30 per cent, and even that will have been inflated by Northern Ireland's high performance. On manufacturing output the story is much the same. In the past eight years output in NI industry increased 14 per cent, as against an overall UK figure of 4 per cent. The Province also has a further selling point, and it is one that must be a growing worry to the *Irish authorities* faced with Ulster's new competitiveness. It is a labour relations record *that leaves American industry* in the shade and puts Britain and Ireland to shame. During the eight-year period of 1969-76 Northern Ireland lost a yearly average of 368 working days per 1,000 workers, while the national UK rate was 481. During 1976 only 2.5 per cent of all workers in Ulster were engaged in an industrial dispute of any description.

It is the comparison with the *Irish Republic*, though, that *is* most important. Ireland's showing on the 1969-76 scale is poor, *at a yearly average of 666 days* lost per 1,000 workers, and the Republic is at present concerned *at the way its industrial rela*tions may be frightening away foreign investment. The co-*operativeness of its trade union* leaders must be a card that Northern Ireland will increas*ingly play.*

Given that there are all these positive factors in the Northern Ireland *economy*, it must be hard for outside observers to understand why the Province is still on the brink of an industrial decline that could prove *irreversible. There are two* structural reasons, and a third which is a question of timing. Structurally, N. Ireland is an off-shore satellite of the British economy, and therefore suffers not just from transport costs that can add 10-20 per cent to unit prices but from the fact that it has no broad and integrated industrial base. Despite its engineering tradition it has, for example, no castings *capacity. It also has a small* active workforce that is 36 per cent of the 1.5m population, as against 43 per cent *in Britain*, so per capita output is only about two-thirds of that on he mainland.

Timing

The timing problem is perhaps the most crucial of all. During the coming two years anticipated job *losses* caused by shrinkage in the agricultural sector and rationalisation in industry will push the total of unemployed from just over 60,000 at present to around *85,000. To cope with these* lengthening dole queues, which are themselves often pointed to *as an important element in* N. Ireland's pattern of violence, massive new investment is *needed. It would, furthermore,* be required to come on-stream twice as fast as is usual, for the *time-lag between investment* negotiations and start-up is often around four years. But at least that foreign investment is now a distinct possibility, whereas a year ago it looked an impossibility.

Mr. Mason's uphill struggle

MR. ROY MASON, the Secretary of State for Northern Ireland, is in effect the Viceroy. He himself dislikes that term on the understandable grounds that it smacks of colonialism and prefers to compare his role to that of a Prime Minister of a fairly small country. He has his own Cabinet—which meets every Monday—in the shape of his junior Ministers, and of course there is the question of the remit from Westminster. But the remit is broad—much broader, one suspects, than that given to his predecessor, Mr. Merlyn Rees, under the Wilson premiership. Mr. James Callaghan does not much interfere, though he watches closely. And, perhaps above all, Mr. Mason has money. The Treasury has recently been generous to Northern Ireland in a way that it rarely was in the past, and never was to Mr. Mason when he was Secretary of State for Defence. All told, one cannot escape the impression that whether described as Viceroy, "Prime Minister" or merely Secretary of State, Mr. Mason has a geat deal of power—as well as responsibility.

Qualifications

His qualifications for the job were in many ways excellent, both personally and professionally. Mr. Mason is a small, confident but rarely over-confident man with whom it must be quite hard not to get along. If one applied one single adjective to him, it would be that he is "fair." In his Parliamentary career he had been Minister of State at the Board of Trade, Minister of Defence (Equipment), Postmaster-General, Minister of Power, President of the Board of Trade, and then Defence Secretary. The experience of nearly all those offices is reflected in his approach to Northern Ireland.

Defence sticks out most. The problems of Northern Ireland are not only those of security, but on the other hand without greater security it is difficult to see how other problems—economic, social or political—can be solved. Mr. Mason brought with him the experience of having dealt with the armed forces and with the civilian defence establishment. He knew that there were grievances—about pay, conditions of service separation from wives and the depletion, by transfer to Ulster, of the British Army of the Rhine. But he also knew which military arguments were nonsense and he proved a very good interlocuteur between the civil and military sides.

From the start Mr. Mason divided the problems of Northern Ireland into three not necessarily inseparable parts: security, economic and political. More recently, as the chances of success on the political front have remained elusive, he has added a fourth, or social dimension. Much of his and his Ministers' time nowadays is spent in trying to bring the social practices of Northern Ireland more into line with those of the UK. The reform of the divorce laws is one example: another is the gradual elimination of the eleven plus. The latter is disputed by Conservative politicians when they cross the water, but Mr. Mason does not much resent that: it is, he says, part of the process of bringing the normal political arguments of the UK into Ulster, and what can be wrong with that?

Yet the general theory remains much as it was at the beginning: first do what can be done about security, try to help the economy, and then move on to the politics. Mr. Mason likes to avoid the use of the word "success" and prefers to speak merely of "progress." Even then he is cautious—perhaps more so now than in the period last autumn when it looked for a while as if IRA activity was dying down. The security statistics last year were the best since the latest troubles began: those for the first five months of 1978 are better than for the comparable period of 1977. But the tendency now is to say that things go up and down: the figures could be quickly changed by one big IRA raid, and there is always the risk of retaliation and the revival of sectarian attacks. Mr. Mason loathes the phrase "an acceptable level of violence," yet one has the feeling that he fears that there is a level which it is impossible to get below. It is also the case, however, that he appears satisfied with the resources at his disposal. He does not believe that he is being obliged to fight with one hand tied behind his back. It is rather a matter of relying on the new techniques — especially in covert surveillance — being developed by the army and the greater partnership between the army and the RUC.

In the meantime, it is necessary to get on with the economy and it is here perhaps that Mr. Mason thinks he has made his greatest mark. Again his approach was to divide the problem into parts. First of all, Northern Ireland had to be persuaded that there was no danger of economic withdrawal: then the conditions had to be created for new investment: and finally the investment had to be sought. We are now at stage three. Mr. Mason has introduced a series of inducements that again reflect his experience at other Ministries: for example, the cut in electricity tariffs to industry. He has also managed to retain incentives, such as the selective employment premium, that were being abolished or reduced in the UK. The policy appears to be beginning to pay off: Mr. Mason cites with pride the companies that have moved in or expanded recently, Goodyear, Du Pont and General Motors among them. He admits that there is a long way to go and from the relatively low base, but the next stage is to seek to attract the Japanese.

Facilities

Curiously the way the Treasury has helped extends beyond grants to new industries or even infrastructure. One of Mr. Mason's less-noticed acts, and one which seems to have given him great pleasure, was to dish out £400,000 to eleven Northern Ireland football teams to spruce up their grounds and improve their facilities. It was all part of the process, he says, of restoring morale and confidence.

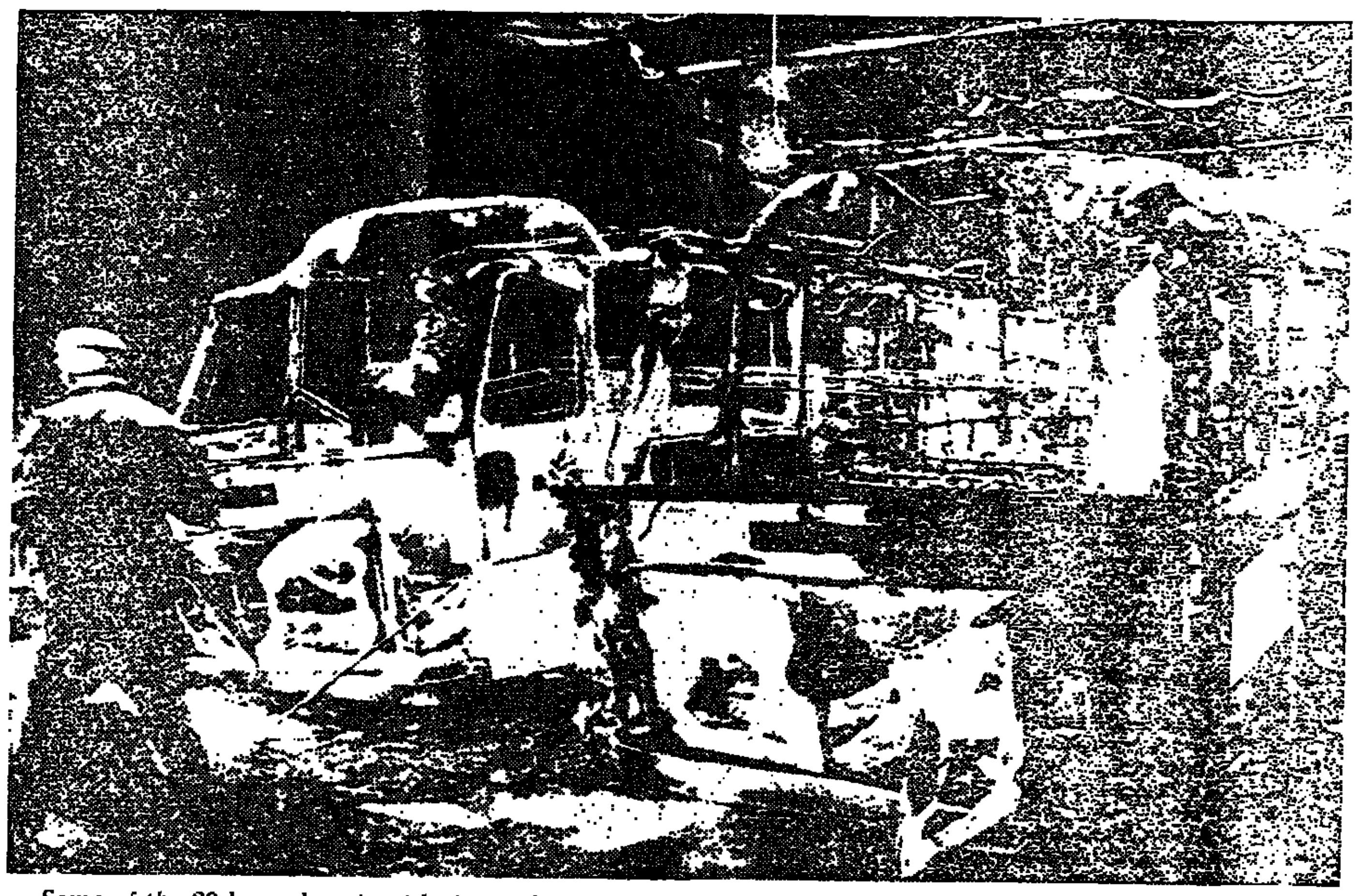
And yet the fact remains that security, the economy and even sport and the social dimension apart, on the political front there has been very little progress. Mr. Mason sticks to the principle that this can come only on the basis of partnership. Any attempt at a political settlement based on majority rule, he insists, would put the clock back ten years with explosive results. So what does he want to do? There is an ambiguity here which he cannot quite explain away. Observation shows him that the people are more content because of the improved security and greater economic progress than they were a few years ago. For the present there appears to be no significant groundswell against direct rule, except perhaps among the old Stormont politicians. Yet experience suggests that people like to have a say—including an elective say—in governing themselves. Direct rule is, to put it mildly, an anomaly. How long can it go on?

Mr. Mason may not be there when the answer has to be found. There is unlikely to be any political progress in Northern Ireland until after the British general election. The election atmosphere is already more apparent there than it is here, and it is plain that there will be considerable pressures for action once there is a new British Government. Many of these pressures will be external: for example from Dublin and perhaps from the Irish Americans. Mr. Mason warns only that whoever is in charge will have to show that he cares about both Northern Irish communities, whatever may be said outside. Once you do that the maintenance of direct rule becomes more acceptable, at least until something better is found.

Mr. Roy Mason

Would he like to go himself if Labour wins? The answer is non-committal. It is a matter of steeling himself to believe that the election will not take place until spring 1979. If he allowed himself to think that it is coming in October this year he might relax, and that could be dangerous. One suspects, however, that if Labour does win, he might be needed elsewhere.

Malcolm Rutherford



Some of the 20 buses burnt out last month when 10 bombs went off at the Smithfield depot in Belfast's city centre near the Army's Grand Central Hotel base.

The political vacuum

WITH A resigned air Government officials and party leaders in Northern Ireland now accept that the political vacuum which has existed for the past several years in the Province is going to last for some time yet.

It is not so much that any new intransigence has developed on the part of the two main groupings—the assortment of Unionist parties on the one hand and the mainly Roman Catholic Social Democratic and Labour Party on the other—since the collapse of the abortive talks on possible administrative devolution for the province initiated earlier this year by Mr. Roy Mason, the Northern Ireland Secretary. The new element that has ruled out any resumption of the search for a formula aimed at restoring a degree of local control, at least for some time, is the imminence of a UK general election, and the interesting prospects which a Conservative victory would open up for the representatives of the majority community.

With the parties currently neck and neck, there seems a chance that the next Government, whether Conservative or Labour, will again have to look for support from other groupings. And although the link between the Tory Party and the Ulster Unionists has been broken since the abolition of the Stormont Parliament, there have been marked signs of a rapprochement lately.

Earlier this year Mr. Airey Neave, the Conservative spokesman on Northern Ireland, voiced his doubts about the continued feasibility of power-sharing—a statement that was music to the ears of Unionists, who have maintained a consistently hostile line against Roman Catholic participation in Government. Last month, in a visit which was widely seen as putting out feelers for a possible alliance, the Tory leader, Mrs. Margaret Thatcher, was given a warm welcome by the official Unionists, and indeed by many ordinary Northern Ireland people, none of whom, ironically, will have the chance of voting for Conservative candidates at the election.

Thinking

The visit by Mrs. Thatcher also enabled her to provide a further indication of the way Conservative thinking on Northern Ireland is developing. And although the broad consensus between the parties on the issues of Northern Ireland remains—including, in particular, the pledge that it will remain part of the UK so long as this remains the wish of the majority of the population—clear differences from Labour on the form which local political institutions should take have emerged.

What the Tories are now apparently offering—and what the Unionists have decided might be worth waiting for — is a reform of local government which—while falling far short of the preferred Unionist solution, the re-creation of the old majority rule Stormont Parliament—would nevertheless have the advantage of binding Northern Ireland more closely to the UK through continued direct rule.

Local government reform in Northern Ireland in the 1960s amalgamated the smaller district councils and abolished county councils, transferring their functions to the Stormont Parliament, which was then *itself* disbanded during the troubles. The result has been to leave in the hands of the direct rule Civil Servants or agencies under them many functions more suitably performed by local government, and in an area which in any case contains only 1.5m citizens. The Thatcher proposals would ostensibly deal with this problem by creating one, or possibly more, new regional upper tiers of local government in Northern Ireland.

Detail

Much of the detail remains to be fitted in, though some of the objections which the minority community will raise are obvious. First, it would place them even more firmly than before within the UK under a local government system ultimately answerable to Whitehall. Again, although Mrs. Thatcher did say in Belfast that there would be scope for all political parties to participate, it seems unlikely this would be on a local government system ultimate political control of each of the bodies seems certain to be in the hands of the majority community.

Nevertheless, it is an attractive proposition for the Unionists, and so long as there remains the prospect that such a scheme could be introduced after an election, the Mason initiative is likely to remain dead, even though somewhat ironically the present Government's suggested form of administrative devolution does follow in some areas a proposal put forward originally from within the Unionist party.

The idea due for discussion at the talks earlier this year involved the creation of a proportionately elected 78-seat non-legislative assembly, from which would be drawn a series of committees reflecting the balance of power in the assembly, and designed to match the various Northern Ireland civil service departments. This would put in the hands of elected representatives of the community, control over the day-to-day administration in the Province of housing, commerce, industry, transport, education and the like—but not security or the budget.

The system would essentially be temporary, but if after perhaps four years it could be shown to have worked, the assembly could be given powers to legislate, though with Britain still holding reserve powers. The initiative, which was intended to try to ensure that Northern Ireland was not left too far behind Scotland and Wales in the devolution of power within the UK, eventually foundered after the Unionists had objected to off-stage remarks by Mr. Jack Lynch, the Irish Prime Minister, on Irish unity.

Whether the present Government would want to re-introduce such a measure if returned at the next election is not clear, but recently in Londonderry, Mr. Mason outlined five points

CONTINUED ON NEXT PAGE

Closer relationship with Dublin

N ONE occasion a group of oreign observers were being aken on a tour of the southern ide of the Irish border by fficials of the Republic anxious o show them how good was the o-operation between the ecurity services north and outh. They could hardly beeve their luck when they came cross a "real" operation: a uspect bomb had been found n the northern side and Irish roops were ensuring that there ere no snipers on their side hile the British prepared to low up the device.

The observers took considerble persuading that the whole hing was not a stunt for their enefit. It was real enough, but transpired that the British ad agreed to delay the detonaion for half-an-hour to give he Irish time to get the bservers to the scene.

The story is, indeed, an exmple of the close relations which both governments claim xist between the security orces but which, in the nature f things, it can be difficult to erify. Results in this adnitedly narrow but important ield do speak for themselves hough, and the set-piece attles which used to occur cross the border between British troops and the IRA are ow a distant memory.

Such co-operation is likely to e tested to the full over the ext few months. Security orces believe the IRA has made substantial change in tactics n response to the unpreedented successes—of the RUC n particular—during the past ear.

The central change seems to nvolve breaking the Provisionals into much smaller, more elf-contained units and away rom the traditional military tructure of companies and rigades. The Provisionals hope his will stem the flow of nformation to the authorities which led to so many of their men being caught and conicted.

Evidence of the change is lready apparent in the increase in IRA violence this year and a slackening in the rate of attrition by the police. Among the authorities' responses is an effort to improve still further the flow of intelligence between the RUC and the Garda. The view in Dublin is that the move by the IRA to smaller discreet units will require more meetings, more day-to-day contact and more exchange of information if the intelligence jigsaw is to be put together from what are likely to be smaller pieces.

In general though, if the definition of "stability" is a tendency to return to a position of equilibrium when disturbed, it would have to be said that Anglo-Irish relations appear inherently unstable. Normally untroubled, they show a tendency, once disturbed, to wobble more and more off the track until definite corrective action is taken to put them back on course.

Crisis

The last crisis, caused by remarks from the Northern Ireland Secretary, Mr. Mason, to the effect that IRA men found the Republic a handy place for rest and recuperation, as well as training, required face-to-face meetings between Mr. Callaghan and Mr. Lynch, as well as between Mr. Mason and the Irish Foreign Minister, Mr. Michael O'Kennedy, before it subsided.

True, Mr. Mason's remarks came at a bad time. Earlier, Mr. Lynch had disturbed the British and whipped the Irish media—always keen on an Anglo-Irish row—into quite a lather with his remarks on the evil effects of the British "steel wall" guarantee to the Unionists on their constitutional position.

Mr. Mason and Mr. O'Kennedy emerged from their meeting last month apparently seeing eye-to-eye on all significant matters and without a breath of criticism for each other. It appears to have been a tough meeting in private, however, with the two men at one stage not so much eye-to-eye as eyeball-to-eyeball.

Mr. Mason's Yorkshire bluntless is of course well-known but Mr. O'Kennedy, although he is known to irreverent Dublin journalists as the "altar boy" has a vein of steel behind his mild manner. But the visit, and perhaps even the bit of blunt speaking, appears to have cleared the air and restored relations between the two Governments to their normal non-controversial state.

They are expected to remain that way at least until after the British general election. Irish Ministers accept, with a resigned air, that the British are not going to chance any Irish adventures until after that hurdle is cleared and everyone can see how the Parliamentary land lies.

Mr. Lynch has not given up his hopes that the British will produce a new initiative on Northern Ireland—if not the one his party favours, which is a declaration of Britain's interest in an eventual united Ireland, then something which will at least get northern politics moving again.

The Irish Government also has a keen eye for the problems of the Social and Democratic Labour Party (SDLP), which represents the majority of Catholics in Northern Ireland. Dublin would like to see that representation continue on the grounds that it gives the northern minority maximum political effectiveness while providing a democratic outlet which might otherwise go to the Provisionals.

The problem is how long the SDLP can maintain its remarkable success if constitutional politics continue to get it nowhere. The SDLP, like more Irish political parties, is at heart a coalition and there is a danger that it could break up into its constituent parts—Socialist, Nationalist, Republican—unless progress is evident.

So it can be expected that the next British Government will soon find itself under pressure from Dublin to reveal its intentions, if any, in Northern Ireland. In seeking to exert that pressure the Irish are likely to make use of what is seen as a growing foreign interest in Northern Ireland and a desire, after a decade of violence, to restore stability.

The Irish have already endeavoured, with mixed success, to play the American card. This has been largely the work of John Hume, deputy leader of the SDLP, who used his time in the U.S. during the past few years to lobby intensively powerful Irish-American politicians like Senator Edward Kennedy, Speaker of the House Tim O'Neill, Daniel Moynihan and New York Governor Hugh Carey.

The high point of this campaign was probably the statement by President Carter that, in the event of a settlement in Northern Ireland, the U.S. would provide investment funds to help restore the battered economy of the Province. Since then, though, Mr. Carter has shown reluctance to risk getting his fingers burned on the Irish issue. Hopes of a meeting between him and Mr. Lynch during the latter's visit to the UN disarmament conference earlier this month were stifled, partly, it seems, because of British pressure against such a meeting.

Nor did Mr. Carter's veiled promise of aid have as much effect on Unionist opinion as Mr. Hume might have hoped. It may be increasingly difficult in future to apply Washington pressure to London, although Mr. Carter's offer presumably still stands and could be a factor in the event of radical solutions, such as independence, being seriously discussed.

Dublin claims to detect growing anxiety in the EEC about the seemingly endless Northern Ireland conflict. If, as seems likely, a situation develops towards the end of the year where Dublin is pressing for action and London is as unsure as ever about the benefits of action, Irish officials are likely to suggest to Brussels that British inertia is prolonging the problem.

Much may depend on which party is returned to power at Westminster and the state of its majority. Labour seems to have run out of policies but, from an Irish point of view, its heart is regarded as being in the right place. Mrs. Thatcher on the other hand seems to have very definite policies which are not at all to Dublin's taste. Should she come to power and implement those policies, particularly the "super county council" idea to restore some measure of autonomy to Northern Ireland, Anglo-Irish relations seem certain to descend to a frosty hostility not seen for several years.

Relations between Irish Governments and Northern Unionists have of course been in that state for years. There was some evidence of a slight thaw during Mr. Cosgrove's term of office when his manifest toughness against the IRA and the personality of Dr. Garrett Fitzgerald, his Foreign Affairs Minister, made private informal contacts possible and even on occasion fruitful.

The return of Fianna Fail to office sent the Unionists scurrying back inside their protective shells, but in fairness to Mr. Lynch's Administration, it has shown signs of wanting to persuade them out. Mr. O'Kennedy recently visited Northern Ireland and although he got a cold reception from Unionists, Irish officials are philosophical about it. They accept that Fianna Fail's policy is open to both misunderstanding and misinterpretation and it will be a slow job to explain it to suspicious Unionists.

Uncertain

If the political situation is uncertain, there is at least progress to report on economic co-operation. This received a boost from last September's meeting between Mr. Callaghan and Mr. Lynch when the importance of such co-operation was agreed. For Mr. Lynch this was a substitute for the lack of political progress: an opportunity to show Unionists that there could be advantages in working with Dublin; and a genuine attempt to alleviate the problems of the border areas, which are among the most economically deprived in the EEC.

Judging from the recently published report there seems to be a willingness to get things done. The study of the Derry/Donegal area has been completed and a committee of officials has been formed to implement some of the proposals as quickly as possible, with EEC aid where appropriate. The Fermanagh and Newry/Dundalk areas are to be the subject of similar studies.

On the Anglo-Irish field generally, Irish officials are studying a draft agreement on road haulage between Britain and the Republic submitted by the UK Department of Transport. On energy there is considerable interest north and south in the possibility of an interconnector with the UK grid which could significantly alter both Generating Boards' dependence on foreign fuel and there have been discussions on the possibility of joint promotions of "Irish" goods abroad.

Dublin is pleased with progress in this area and although it is early days yet it could be that removal of the practical obstacles created by the border will in the end have more effect than the uneasy diplomacy which has traditionally characterised Anglo-Irish relations.

By a Correspondent

Vacuum

CONTINUED FROM PREVIOUS PAGE

which he said must form the basis for discussion if the Province is to catch the devolution tide. First, as an interim measure there would have to be a single assembly elected by proportional representation. The assembly should exercise responsibility over a wide range of functions, and have a consultative role in relation to legislation. The arrangements would envisage progress in due course towards some form of legislative devolution: the assembly must be acceptable and durable, safeguarding the interests of the minority, and it must make good administrative sense.

There is little doubt that to most people in Northern Ireland these basic principles are both sensible and reasonable. Indeed a poll earlier this year suggested that 63 per cent of the population and half even of all Unionists would like to see power-sharing. The problem, however, remains the public's reluctance at elections to vote along these lines—as is indicated by the fortunes of the moderate Alliance Party, which is seeking to achieve a new centre grouping.

In Northern Ireland politics Alliance has done well to survive, and at local government level has had some notable successes, including in Belfast. It has still never been able to command widespread support at the more important elections, when the electorate prefers the security of voting along traditional lines. As a result, despite the professed moderation of many people, the representatives they choose are usually hard-liners.

It is perhaps partly because of this that there remains among the public a large measure of acceptance of direct rule, which albeit at a high cost has now succeeded in bringing a degree of stability in the security field and the prospect once again of further economic advance.

Though there continues to be violent upsurges, as during the past month, the graph of violence generally has been showing a steady downwards trend, reflecting a degree of war-weariness in both communities and a switch in security methods. Government policy has been to restore the primacy of the police, and although there remain areas of Belfast where the Royal Ulster Constabulary can only operate with military protection, the police presence in areas fringing the Republican strongholds has become more noticeable.

Patrols

Army patrols and searches have at the same time been scaled down, with the military now concentrating to a much greater extent on covert tactics. The destructive potential of the Provisional IRA remains, as the damage inflicted by fire bombs on property recently has demonstrated, but there is a belief at Government level that popular support for the movement is now at a low level.

On the Protestant side the militant UVF (Ulster Volunteer Force) which was responsible for some of the worst sectarian murders, is thought to have been largely broken up, though the Ulster Defence Association still commands strong support in some of the Protestant heartlands. In both communities the problem is at least partly criminal violence as opposed to political violence, with the hard men of both sides finding terrorism can bring its own rewards in terms of money, power and influence. There remains the danger of a rise at any time in violence or community tension, but the belief now is that the periods between upsurges will continue to lengthen.

The improvement has enabled the Province to begin bidding again for new industry, and with some success over recent months. In recognition that past policy may have consisted of putting the political cart before the economic and social horse, large-scale resources are also being committed to improving housing, transport, and the environment in general in Belfast—moves that have only become possible now that the level of violence has decreased.

Nevertheless, the idea of a benevolent Britain ruling the Province directly and holding the ring between the two conflicting ideals—the British link and Irish unity—is obvious untenable in the longer term. Ultimately it will be for the community to decide on its own development objectives by democratic processes, and it is for this reason that talks will have to get under way again on the creation of a new forum in which these decisions can be taken.

Even further ahead, it will only be through the experience of working together that the two sides will ever be able to begin considering how to make the best of Ulster's lot as a small province which has been left, by history, looking two ways.

Rhys David

The view of an industrialist

AS MR. STAN CRAIGS, the head of Courtaulds in Northern Ireland, remembers it, when his then boss Sir Frank Kearton offered him the job his reaction was "you must be joking." A year later he felt that nothing could make him move away. Mr. Craigs took to the Province right away. He has now been there eight years and has declined several offers to move on. He admits he is an exception but undoubtedly from his company's point of view he is a fortunate exception, since in him they have had some kind of continuity during the province's most troubled times.

The company's initial involvement came just after World War II when it found itself relatively liquid after selling off some interests in the U.S. There was a traditional linen industry in N. Ireland, so there was some basis for setting up a textiles factory. The plant at Carrickfergus started off with cellulosic fibres, a wet spinning process and so needed to be near water. The company did receive help in supplies of building materials, then relatively scarce. It was also offered some financial assistance by the Stormont Government, but according to Mr. Craigs the company refused it because "it was not the done thing at that time." He adds with a chuckle "but of course it is now."

Courtaulds in Northern Ireland has grown over the years to the extent that, leaving aside the cost of acquiring the Moygashel company, new investment in the past 10 years at today's prices has probably been of the order of £100m. The sheet and workwear factory at Campsie alone has cost some £40m with some 8,000 employees Courtaulds is probably the second largest employer in the Province after Harland and Wolff.

While the proximity of water and good communications may have originally been the prime attractions for textiles companies, with the development of more sophisticated fibres these have become less important.

As Mr. Craigs puts it: "For Courtaulds and for most companies the overwhelming attractions are the huge financial incentives. They are unparalleled anywhere else in the UK." He estimates that taking the whole range of grants, loans and tax deferment opportunities the actual new money cost of setting up a new plant can be as little as 10 per cent of the total.

"Down south in the Republic they also have tax holidays on exports but I think they are going to run into trouble with the Common Market on that one soon. The Common Market does not like normal trade interfered with," Mr. Craigs says. He also reckons that wage levels in the Republic are lower, "but they are coming up fast."

The level of wages in Northern Ireland has never been considered an attraction to industrialists, since they are not especially low. "Here the workers are tied in with the British trade unions, and the structures are just as binding. Wage rates here are comparable in most areas with the other side (meaning the UK)."

Attraction

He goes on: "What is an attraction is the availability of efficient labour. The unemployment rate here is 12 per cent. A particularly important point is that the workers are amenable to be trained or re-trained. Of course we do benefit from training grants from the Government."

Industrial unrest is much less than in the UK, Mr. Craigs says. He can think of only two major strikes in the past 18 months. One was at his own factory where craftsmen caused an expensive six-week stoppage at the end of last year.

This strike, he says, was a fair and square dispute about money, which in the end was settled by a compromise. An eight-week strike at another company was, he felt, "rather more silly, and was something we should all be ashamed of here." It concerned the dismissal of a man for inefficiency who also happened to be a shop steward. Both sides got locked into intransigent positions and the strike dragged on.

This kind of occurrence, however, is rare. Mr. Craigs said that the number of man days lost through industrial unrest is far far less than in the UK generally. Asked why this is so, he replies after some reflection, "We are a small community here, much tighter and more closely linked. We can usually sort things out between ourselves. There is not the vast impersonal aspect you get in some companies on the other side."

On the question of security Mr. Craigs seemed to be fairly bland about the dangers. He says that in retrospect there probably has been an element of danger for industrialists like himself who might have been kidnapped or shot, but he has not been particularly conscious of it. As for sectarian violence generally, he says "neither side has ever really gone in for concerted industrial sabotage or disruption."

He does add, however, that there was one notable exception. On May 1, 1972, 10 bombs went off in his own factory. "One poor chap was killed," he said, "and another six were wounded." He feels the bombings arose out of the fact that at that time there was a lot of building going on around the site. There were over 1,000 men working for contractors. "The contractors tend to attract the wilder elements of society both republican and loyalist," and he feels they used the factory as a battleground to get at one another.

While Mr. Craigs resolutely refuses to show any sign of support for either Protestants or Catholics, he does say the most worrying time in his eight years was in 1974 when the mass strike organised by the Ulster Workers Council brought down the coalition executive.

"Then," he says, "I really did think we were on the brink of economic ruin through work lost and general disruption." He says he can understand the frustration and fears which led to loyalists to undertake the strike, but feels that ruining the economy is not the right way to go about achieving political solutions.

Involvement

Mr. Craigs, a sandy-haired avuncular man in his fifties, has few judgments of any kind to offer on the politics of the region. He considers it his task to try and help things run more smoothly economically. He belongs to Ulster Enterprise, is a governor of Belfast Polytechnic and a governor of the airport. He seeks involvement in spheres of the economy where he can find it.

He does admit however that close identification with Northern Ireland is rooted in a personal happiness. "We were very lucky when we started out. We got our home right. We bought a plot of land and built a house we wanted on it. This was before the big inflation of recent years so it is worth quite a bit now. But anyway it is nice to wake up and look out over the sea and to have green all around. The village is beautiful and the people are lovely. And it only takes me ten minutes to drive to work."

Both he and his wife he describes as outdoor people. They are particularly keen on golf and he says "you are never very far from a golf course anywhere in Northern Ireland." The schools in Northern Ireland are good, he says, and both his sons have been well and happily educated at one of them.

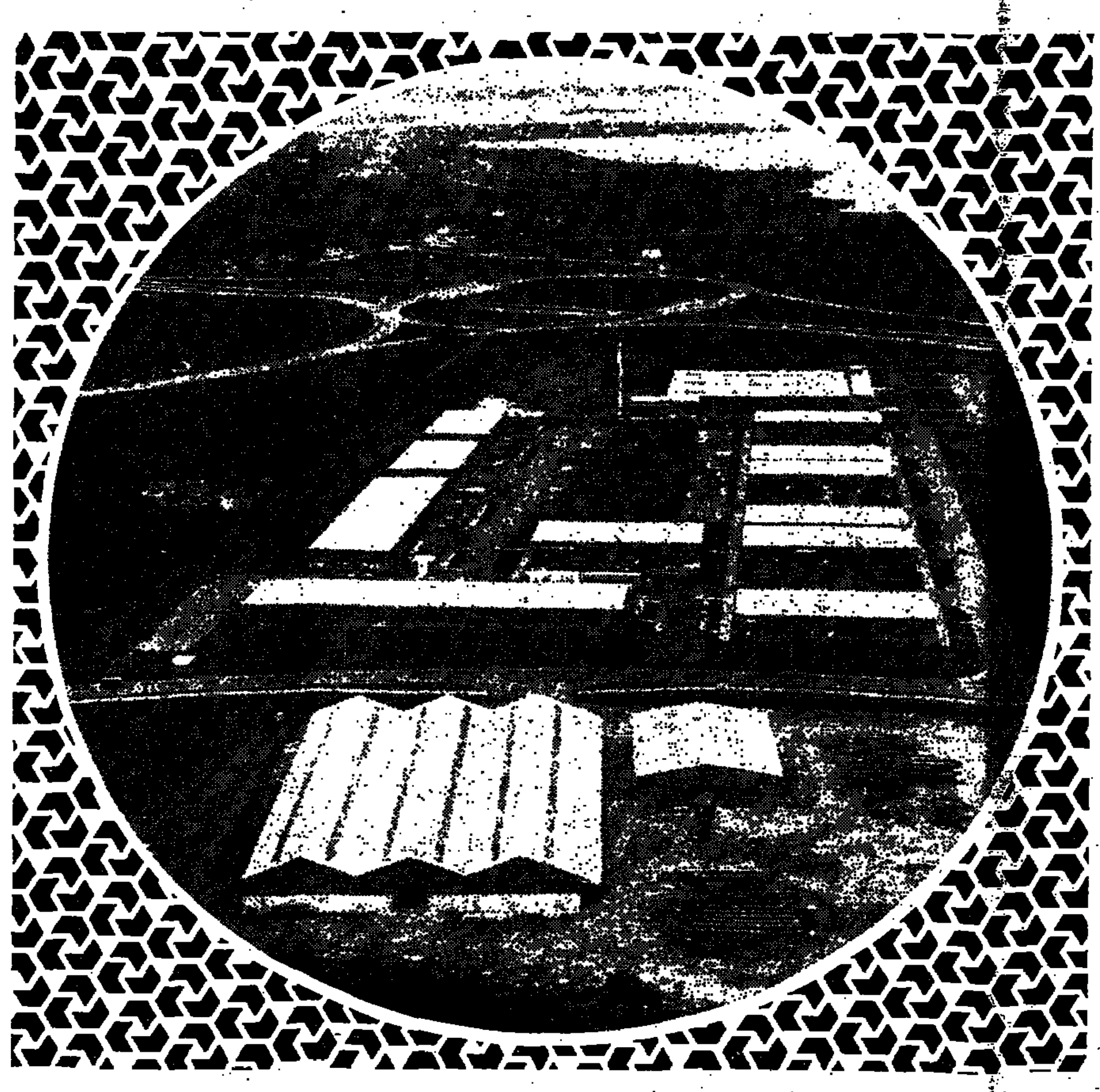
He does admit that he is probably exceptional in fitting into N. Ireland so well. He says he has got use to the constant security checks and general sense of stress that seems to pervade the Province. Others find it harder he says; managers on the way up in the organisation are reluctant to go to N. Ireland. "They come," he says, "because a move usually means a promotion, although there are no special hardship payments or anything like that. It is treated like any other post."

But usually people do their stint and move on—although he has noticed that in the past couple of years managers have shown a growing reluctance to leave. They find, like other visitors, the situation sounds worse than it actually is.

Mr. Craigs says that if Courtaulds came to him and said they needed a man to go to Burundi or somewhere and he was the only possible man for the job then he would have to give it serious consideration. But he laughs and says: "I can hardly believe that in an organisation that size, I am the only man for Burundi. I am happy to stay here."

Stuart Dalby

A turntable production line in operation at Strathearn Audio's Belfast factory.



Foreign investment

THIS YEAR has been Northern Ireland's best year for investment by foreign companies since the heady days of the 1960s when for a time the Province found itself the fastest-growing industrial area in Europe.

Inward investment all but dried up during the peak period of the civil unrest in the early 1970s and has proved a very difficult process to restart. The highest levels of aid and assistance available in the United Kingdom were sanctioned by the British Government to prime the pump. That attractive package has been serviced and sold by a strong and profesional team of civil servants in the Department of Commerce, Belfast, linking with a network of Government agencies.

Representation abroad by staff men has been strengthened to talk to companies in Europe, America and the Far East about the possibilities of Northern Ireland when they are making their investment plans. And the Government ministers responsible for Northern Ireland have been acting as super-salesmen with a stream of visits round the world.

But it looked an uphill and at times near-hopeless struggle during 1966 and 1977. The world recession had reduced the amount of "footloose" industry available internationally. Sporadic violence in Northern Ireland did nothing to help the sales pitch.

The real breakthrough has come only in the past few months as a succession of American businesses have chosen the Province for major developments.

AVX Corporation, the world's largest manufacturer of multilayer capacitors for the electronics industry, decided to set up its ney European manufacturing facility in Coleraine. Initially it will employ 300 people and the number is expected to rise to 600 over a three-year period. Mr. Marshall D. Butler president, explained that the plant will enable AVX to supply the data processing, telecommunications, defence, home entertainment, and other electronics-based industries which are starting to make use of integrated circuit technology.

Captured

The ink was hardly dry on that deal, the first big slice of inward investment that Northern Ireland had captured for some years, when two more deals were concluded. The Goodyear Tyre and Rubber Company decided to establish a £3m research and development centre at its plant at Craigavon 30 miles from Belfast. The centre will be part of the company's world-wide R and D organisation. That was a particularly gratifying development for the Northern Ireland authorities in their drive to encourage high quality enterprises into the Province.

At the same moment that the Goodyear deal was being concluded the Northern Ireland Development Agency acted as midwife for a deal under which a fast growing electrical appliance maker in the Privince — Glen Electric — took over a company which had been wholly owned by NIDA. As Glen Electric was itself encourage into its present size and shape (it took over the English company Dimplex) by NIDA the new deal represented an interesting example of how the young NIDA can act as a catalyst in the growth of Northern Ireland Industry.

Then came the biggest fish landed so far in 1978 by Northern Ireland. General Motors decided to take over the ex-Rolls-Royce factory at Dundonald, Belfast, for a £16m seat belt manufacturing plant to employ 600 people by 1980. The Dundonald plant will be GM's first venture in Northern Ire-

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Aviation industry a bright spot

NE OF THE most encouraging pects of the Northern Ireland tuation in recent years has en the way in which the aero-ace sector, in the shape of ort Brothers and Harland, of elfast, has been able not only keep going, but to expand s business and its reputation world aviation markets.

Although the recent annual port showed a pre-tax loss of 5.3m for the year to August 1, 1977, and there have recently en some industrial difficulties er pay, the long-term outlook r the company, according to e chairman, Sir George Leitch, emains optimistic, especially in vil aircraft and missile sales uring the last financial year, rnover of over £36m was divi-ed as to £11.5m in home arkets, and £25m from export ales. Of the total, missile sales nd servicing accounted for 16.1m, aircraft sales and ervicing for £7.6m, and engine odding and aircraft components or £12.9m.

To say that this has been chieved by hard work and care-ul management policy would be rue, but it has also been due o a determination on the part of the workforce itself in recent ears to try to keep the political nd civil disturbances away rom the factory shop floor, and ot to allow production to be disrupted.

Policy

The problems remain, especi-ally those stemming from pay issues, but the success of this industrial policy is showing itself increasingly in other ways than figures in the balance sheet. Shorts has now estab-lished itself an enviable reputa-tion world-wide for high quality aeronautical engineering across a wide spectrum of aircraft, missile and related programmes.

Heading the list must be the successful development and pro-duction of the SD-3-30, a 30-passenger "Commuter" airliner —a small widebodied aircraft which is already proving popular in North American markets, and elsewhere, with the likelihood of a long period of steady sales through the 1980s. In addition, the company continues to work on its Skyvan light freighter, of which over 100 have been sold.

The company has also won substantial contracts not only for the "podding"—that is, building the nacelles and asso-ciated equipment—for the Rolls-Royce RB-211 engine for the U.S. Lockheed TriStar air-liner, but is also likely to under-take comparable work for the Avco Lycoming ALF-502 engines for the HS-146 feeder-liner if that programme is resuscitated soon. Shorts, in fact, is now vir-tually Western Europe's main engine "podding" specialist, and may well win further con-tracts in this expanding field.

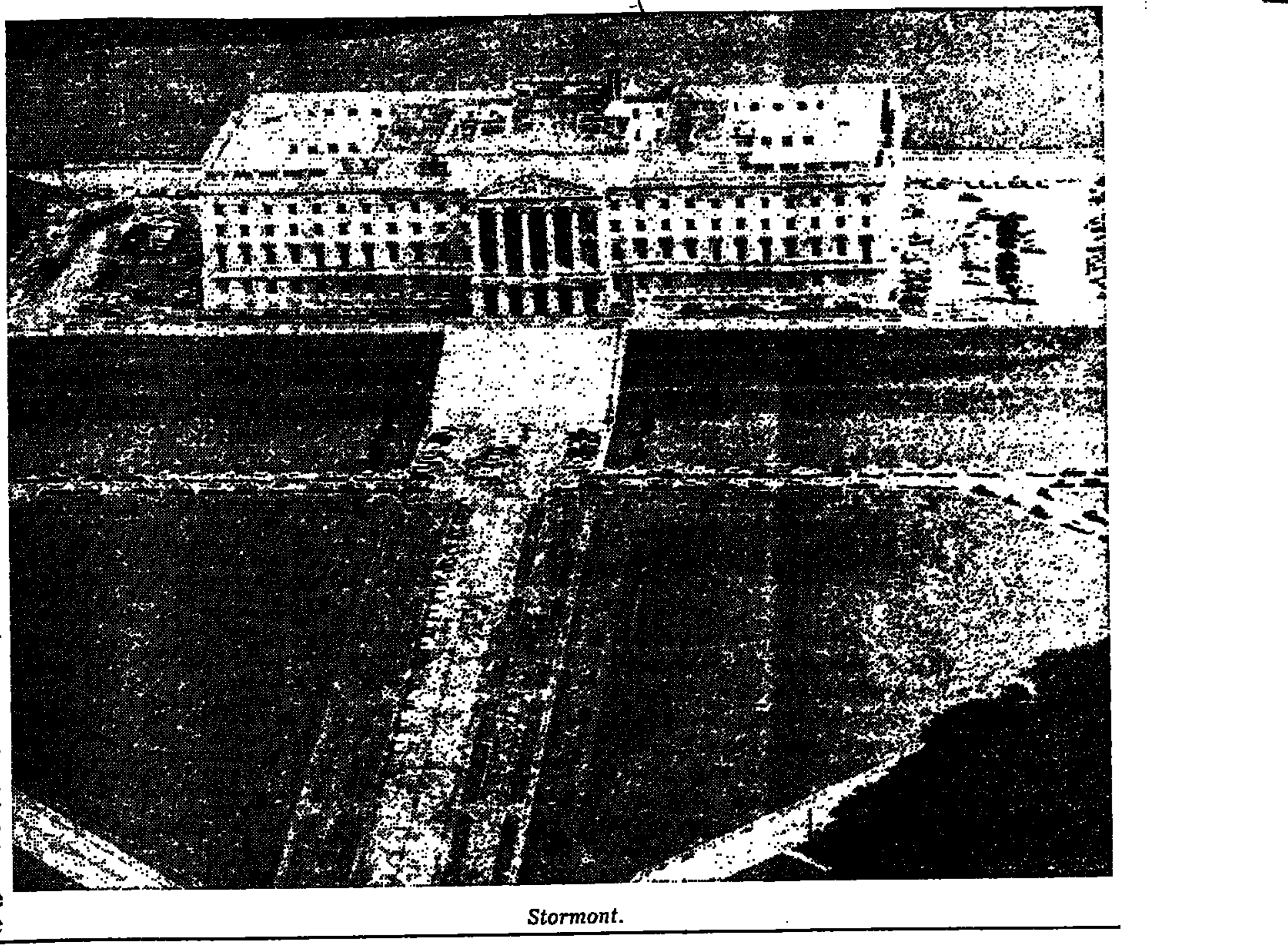
The company's diversification, however, goes well beyond this. Contrary to the attitude of some other aerospace companies world-wide, Shorts has taken the view that there is no disgrace in taking in other people's wash-ing, if there is money and work to be had out of it, and accord-ingly the company now has developed a wide range of aero-space sub-contract activities These include contracts for Tri-Star airframe components, while the company is building the wings for the Dutch-West German F-28 Fokker Fellowship twin-engined short-haul jet air-liner, and is also working on airframe components for the Boeing 747 Jumbo jet.

In the missile field, Shorts has carved a niche for itself in the "specialist" missile category, with its Seacat shipborne guided weapons system and its land-based variant, the Tiger-cat, and more recently with its shoulder-launched infantry guided weapon, Blowpipe. The engineering expertise that backs up theses varied activities has also given rise to a wide range of other ideas, and the company has been exploring the possi-bilities of a new type of unmanned remotely-controlled aerial observation craft called Skyspy, which is capable of flying over the battlefield, relay-ing information back to the commanders behind the lines. The potential of this device does not end there, however, for it could be used in other roles, such as traffic monitoring, or crowd surveillance.

The company believes strongly that in all these varied fields—small aircraft, specialist mis-siles and aerostructures—it has developed an expertise that is unique, and in them it sees con-tinuing good aerospace business for many years to come, especi-ally now that the doldrums of the early 1970s appear to be over, and world air passenger traffic is expanding again rapidly. Shorts does not see itself as geared to participate in the high-cost end of the areo-space market—it has no ambi-tions to design and build bigger aircraft than the SD-3-30, for example—and it prefers to stay in the lower-cost and sub-contracting areas. The com-pany's philosophy is based on the belief that non-aircraft products can rarely carry the overheads of the high techno-logy required for the aerospace industry, but that in the lower-cost end of the aerospace busi-ness there is much highly-specialist and profitable work to be found. Thus, it is not likely that the company will diversify outside the aerospace industry unless prospects emerge for pro-ducts of a high technological content.

The company's ownership, which for a long time was divided between the Govern-ment (69½ per cent), Harland and Wolff (15¼ per cent) and the old Rolls-Royce company (latterly the Receiver), also 15¼ per cent, has recently been cleaned up, and the Govern-ment, through the Northern Ireland Government, now owns all the share capital. So far, Shorts remains outside the framework of the nationalised British Aerospace organisation itself, and outside the National Enterprise Board, in which other Government-owned invest-ments are lodged. At present, there appears to be no intention of changing this situation.

Michael Donne
Aerospace Correspondent



Stormont.

Investment

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land. Meanwhile Du Pont had decided to invest £30m on its Londonderry plant.

With those certain develop-ments negotiated in just six months the Department of Commerce is feeling that the long haul to secure new jobs in Northern Ireland is now proving its worth.

There may be another big development before the end of the summer. An ex-General Motors executive is exploring the possibility of setting down a 1,000-man plant at Dunmurry, west Belfast, to build a sports car for the U.S. market.

Even without the possible car plant Northern Ireland has secured new investment to pro-vide the province with nearly 4,000 extra jobs in direct employment so far in 1978. Indirect employment resulting will be probably more than twice that figure again.

There were times when in-ward investment promotion for Northern Ireland appeared to be at a serious disadvantage because of the "tax holiday" deals that could be offered by the Republic's Government across the border. But times have changed. The south of Ireland had had some industrial disappointments and this year lost the AVX plant to the north. The reasons for the new interest being shown by international business in Northern Ireland are complex. But it is fair to say that the prime factors influencing investment decisions are the ready availability in Northern Ireland of good quality labour in a region with an engineering tradition, the vigorous support offered new projects by Government, and the high level of aid available in various forms.

The Northern Ireland Depart-ment of Commerce is now find-ing that the new high-level incentive package acts as an "arousal factor" upon foreign business. It is generous enough to make companies go to Northern Ireland to see for themselves. From that point the incentives are often relegated while other issues are discussed; only to re-emerge near the conclusion of negotiations.

So far this year 25 foreign companies have made first visits to study the potential for development in Northern Ire-land compared with 15 in the whole of last year. Certainly there seems to be something in the "arousal factor" theory.

The package now on offer to help foreign industrialists has never been better. For the big international companies there is always the prospect of negotiat-ing a special deal to meet specific needs. Such deals are arranged by the Department of Commerce with Treasury appro-val. Details are rarely published. But they are generous and take into account the specific needs of the company for premises, cash, training assistance, ancil-lary services, etc. The company looking for such a special deal must be of international stand-ing and must have something positive to offer Northern Ire-land (over and above jobs creation) such as a big brand name, management skills and R and D backing.

The more usual aid package available includes factory build-ing grants of 40-50 per cent, factories available at low ren-tals, a machinery and equip-ment grant of 40-50 per cent, tax allowances, grants to trans-fer machinery from other plants, de-rating of industrial premises, start-up grants for new employ-ment, Government loans which can be interest-free for a period, interest relief grants, the weekly wage subsidy, training grants, research and development grants of up to 50 per cent, and grants for the transfer of key workers to the Province.

Roy Mason, the Northern Ire-land Secretary, has had indus-trial development as his top priority since he arrived in the Province in September, 1976, and has had his first discussions with industrial leaders. He is following a strong tradition by the leaders of the Province in post-war years.

The late Lord Faulkner, when he was Brian Faulkner, Minister for Commerce in the 1960s, was the architect of a period of industrial expansion which with-in a few years made Northern Ireland the biggest man-made fibres production centre in Europe. There is a feeling now that the trick can be repeated in other industrial sectors, given a low level of violence as a result of stringent security, and given the availability and adaptability of the Ulster work-force.

The new investments by Good-year and General Motors allied to the other tentative car in-dustry plans are giving rise to some optimism that Northern Ireland may well become fashionable as the newest car components manufacturing centre in Europe over the next few years.

Roy Hodson

Learning to live in a troubled environment

After ten years of civil strife, Northern Ireland is showing signs of learning to live with the troubles. Compared with four to five years ago there is now a perceptibly more relaxed atmosphere in keeping with the substantial reduction in violence over most of the Province.

The first sight on arrival at Aldgrove airport is no longer that of troops, and visitors can again be met in the terminal building. In Belfast city centre the policy of reducing the visible presence of the Army means that the whine of the armoured personnel carrier is no longer such a familiar noise, and cars are not stopped and searched with the same monotonous regularity.

It is still a brave man who patronises city centre bars at night, and most of the city's cinemas bear the marks of devastation, but it is perhaps a sign of returning normality that Belfast's two small theatres have recently been playing the Norman Conquest and Equus. Even at Stormont the front entrance leading up to Carson's statue is now open again, and the place no longer looks as if it is awaiting an assault.

Outside Belfast, too, the lines of oil drums which used to prevent car parking near shops and other buildings in small towns and villages throughout the Province have been removed, as the incidence of car bombing has decreased, and even in Londonderry the restrictions on access to the heart of the city have been eased.

But while security is now markedly less obtrusive, what remains has taken on a character of permanence. Many shops and other commercial premises now have entry-phones, bells or buzzers which the caller must ring to gain access, and alongside the checkpoints which control entry into the heart of the Belfast shopping area there are now tall concrete pill boxes. Inside the shopping area, visitors are searched on entry to each individual store, though even this is now patiently accepted.

More streets have been sealed-off to traffic, and to overcome the complete ban on parking in much of the city centre—on pain of having one's car blown open by explosive experts—commercial organisations have had to struggle to provide parking, where possible, for customers.

The reduction in violence, while enabling a semblance of normality to be restored, is also having another important effect on people's lives for it has made it possible to embark on major new efforts aimed at improving the poor physical environment in which many people in Belfast live—itself clearly a factor in social unrest.

To the casual observer the many rows of mean streets throughout Belfast, their windows filled with breeze blocks, look like the victims of bombing attack. Unless they also show the scars of burning it is more likely, however, that they are the casualties of one or other of the forms of blight visited on the city.

Blighted

In mixed areas houses have been abondoned in the mass movement of population that has taken place over the past 10 years—Roman Catholics into more solidly Catholic areas such as the Lower Falls and Andersontown, Protestants to the wholly Protestant estates which ring Belfast, and to towns such as Bangor, Antrim and Ballymena some miles away. Other areas have been blighted by redevelopment plans, including a grandiose scheme to drive a link through the middle of Belfast to join the city's two under-used motorways which strike out westwards on either isde of Lough Neagh towards Londonderry. Now at last, some years after other comparable cities in the British Isles, Belfast is about to tackle the problems of inner area dereliction.

In transport, following the report of a public inquiry last year, the Government has decided on a more modest dual carriageway link between the two motorways, together with other major through road improvements. The link will give improved access to Belfast harbour for traffic coming from the south and west and will thus help industry in those areas. Special efforts are also being made to minimise the effect on existing communities, with one section being built below ground where it passes the heavily populated Divis and Shankill areas. Equally important, decisions on the line of the road will release for light industry, amenity and other development large areas of land blighted for a number of years by uncertainty.

The Government is also giving the go-ahead to a scheme which will provide a cross-river link between the city's two main rail lines from Dublin and Londonderry. Improvements to the rail system have already been undertaken, including the resisting of one of the main stations. Fifty new buses are buses are being added to the fleet in Belfast, which has suffered most from the destruction of around 600 buses in Northern Ireland since the start of the troubles. The fleet at present is a motley collection of old and new vehicles, and includes a fair number of ex-Red Arrow buses, prematurely retired by their previous owner, London Transport. Altogether these improvements to the city's transport infrastructure are expected to cost more than £100m and are being accompanied by other measures elsewhere in the province.

An extensive programme of port improvements has been undertaken at Warrenpoint giving industry in the border area of Newry access to better duck facilities, and an alternative to shipment through Larne or Belfast. A total of £1.5m is also being spent on new port facilities at Londonderry where a new river crossing has also had the go-ahead. The EEC has taken a strong interest in cross-border projects in this area and is expected to provide substantial financial assistance.

In housing, large sums are also to be spent, mainly in Belfast, to help remove what now ranks as among the worst problems of social deprivation in the UK. A study by the Northern Ireland Housing Executive, the agency responsible for housing, showed that 30,000 out of 123,000 houses in the city were unfit, though 25,000 of these were in clearance areas. Almost 45,000 lacked one of the five basic amenities—water closet, bath or shower, wash basin, kitchen sink or hot and cold water—and in one district 94 per cent came into this category.

To help deal with this, a special housing steering group chaired by a Minister has been set up. The Housing Executive is to spend £100m on a major building programme, and a further £30m will be spent, much of it in rehabilitation by voluntary housing associations.

The building programme will include 2,000 houses at Poleglass on the outskirts of Belfast for Roman Catholic families resettled from the most deprived areas of west Belfast—a controversial move which has been opposed by Protestant groups on the grounds that it will lead to the creation of new ghettoes. The decision to go ahead with the scheme is no more than recognition, however, that in present Belfast conditions both communities have the right to expect re-housing in modern estates which they consider safe.

In other parts of the programme, announced last month, several housing action areas where extensive improvements could take place to existing property have been identified. The Housing Executive has also recently published proposals for improvements to the Divis flats which, like tower blocks elsewhere, have produced vast social problems. A modernisation programme for the Ballymurphy estate is also planned.

The housing action is itself only a part—though by far the biggest—of a wider effort aimed at countering the problems of multiple deprivation in what are termed the Belfast Areas of Need (BAN). Here another special team has been set up, again under a Minister, to co-ordinate action aimed at dealing with five problems identified as posing particular problems for the city. In addition to poor housing, these were unemployment, educational disadvantages, a high concentration of the elderly and personal handicaps. To give just one example, the report which led to the setting up of the team recorded a juvenile male unemployment rate of 46.5 per cent, and an adult rate of 28.2 per cent in Ballymurphy and Whiterock areas of Belfast.

Though money is being spent to improve health, educational and recreational facilities under the BAN programme, the biggest impact will clearly be made by housing action. As well as improving living conditions, it will also provide employment opportunities in the province's badly depressed construction industry.

The programme is also going to change slowly the face of parts of Belfast. Though ther[e] is some opposition mainly fro[m] the Protestant Shankill [to] clearance of what are seen [as] viable communities and sma[ll] businesses, the pattern for th[e] future in the inner city wi[ll] almost certainly be much lowe[r] density housing, with ligh[t] industry also, it is hope[d] managing to take root.

It is worth noting too tha[t] changes already in train hav[e] begun to affect the demographi[c] balance within the city. Th[e] troubles have led to Protestant[s] moving out of inner Belfas[t] and to Catholics returning s[o] that, in some parts, once staunc[h] Protestant areas have bee[n] settled by Roman Catholi[c] families.

The separation of the popul[a]tions is thus continuing an[d] becoming even more rigid. Th[e] hope will be that against [a] background of continue[d] environmental improvement th[e] two communities will be able t[o] live separately at peace if no[t] together in harmony.

Rhys Davi[es]

Tourist sector sees a glimmer of light

THERE IS a story — and perhaps it is apocryphal since no one can seem to reproduce the actual advertisements—that 10 years ago there were ads in British newspapers saying: "Come to Northern Ireland for a shooting holiday."

With the passage of time, members of the Northern Ireland Tourist Board can now retail this anecdote with a fine sense of irony rather than bad taste, but the reality has not been quite so funny. Apart from whatever else they have done, the bombings, shootings and other horrors which go under the general rubric of the "troubles" have in the past decade virtually wiped out the Northern Irish tourist industry.

In 1968 the Province received just on 1m visitors and earned £28m from them. In 1977 there were 457,000 visitors who brought in £32.1m. In other words it has taken 10 years just to draw even in monetary terms (in 1972, at the height of the troubles, visitors were down to 200,000). If inflation were taken into account the £28m of 1968 would probably translate nowadays into something like £100m, meaning that in real terms tourism earns a third of what it did before the troubles started.

Moreover, the overall figures are a little misleading since they are compiled in the sense of all visitors being tourists. The Tourist Board estimates that of the 457,000 in 1977, 88,000 were businessmen, 203,000 were what they refer to as VFR (visiting friends and relatives) "others" 6,000, and only 8,000 actual holidaymakers. To this should perhaps be added another 12,000 who went on holiday in the South and made visits across the border of more than one day. This figure is tentative, however, since neither tourist board, north or south, keeps a check on these visitors at the moment.

The old pre-Troubles tourist trade was based on Scots, on people from the North of England and to a lesser extent from the Midlands and the South of England. Elderly Scots in particular used to visit the seaside towns of Bangor and Port Rush and Port Stewart on the north coast in much the same way that elderly Londoners visit Bournemouth or Broadstairs.

Vanished

Because the violence has been given maximum coverage on British television and in newspapers, the trade from Britain has virtually evaporated. What the Tourist Board hopes is that as the violence lessens these vanished Scots and English might gradually be replaced by visitors from Continental Europe and the U.S., since these countries have been less exposed to the media.

Even without the troubles, though, Northern Ireland was never going to be a mass tourist market. Put simply, there are not the attractions for this kind of trade. Belfast at the best of times is a drab industrial city, and after 10 years of violence such charms as it has are that much reduced. The bombings have meant that with the exception of those in the Europa Hotel, the city's main hotel, there are no good restaurants in the centre of town.

There are few cinemas, two small and not very successful theatres and an opera house which is closed. Even in the most innocuous looking public house an English accent can be a passport to violent encounters. Soldiers with guns are still common and there are security checks at steel barriers at key bus stops. There are few taxis. Even the Europa is sealed off by a barbed wire fence, and body frisking takes place in a wooden hut in the courtyard every time one enters. It is all undoubtedly necessary but it does not make for a relaxed holiday.

The city of Londonderry is of historic interest but again, despite the recent easing of restrictions, the same virtual state of siege exists. There are buildings of historic interest outside the towns like Mount Stewart near Belfast, but not enough to justify a trip just to see them.

If the attractions are limited so too are the amenities. There are 150 hotels registered with the Tourist Board, but only four of them are A-star rated. (The Tourist Board, like its counterpart in the Republic, has its own system of rating consisting of A-star, A, B-star, B and C.) Even though the average occupancy rate for hotels in the Province is 35 per cent, few hotels could manage coachloads of package tourists. Many hotels keep going because the Northern Irish themselves travel internally and there is also the bar trade. But it would require some rationalisation into co-operatives and associations if a mass market were to be developed.

The hope is to attract new visitors to come for specialised holidays or what the Tourist Board calls "active holidays."

What the Province can offer is unspoilt and unpolluted countryside, often of great beauty and with very few people around. A good system of roads was built before the 1950s and the traffic density is about a third of what it is in the UK as a whole.

The drive along the coast road from Larne to the northern resort towns of Port Stewart and Port Rush must be one of the most spectacularly beautiful coastal drives in Europe. The Province is good for caravan and camping holidays.

A major draw, however, are the expanses of both fresh water and sea water loughs which break up the Province, an area according to the Tourist

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Network of agencies to support business

SUPPORT FOR industry has been developed within Northern Ireland's 1.5m society to a very sophisticated level. Successive administrations have consistently given priority to the creation of jobs and a sound industrial base. That has been partly to maintain the vigour of the Province during periods when it has been under threat politically, and partly to absorb the surplus labour leaving the land. Luckily for Northern Ireland the average farmworker has proved to be easily retrainable in industry.

The core of Northern Ireland industry is the area of engineering activity spreading out from Belfast. It includes such big names as Harland and Wolff, shipbuilders, and Shorts making aircraft, aero-components, and missiles, but the backbone is the great number of small engineering shops.

Freedom

A network of agencies has grown up with Government support specifically to help commerce and industry. They are mostly Government-funded but operate with considerable freedom and add up to a most powerful force for industrial growth. Their impact has been perhaps most marked in the lively engineering sector: helping small firms to grow, assisting with technical services, teaching the necessary skills, and providing the sort of backup which is readily available in, say, Birmingham, but is unusual to find in an area such as Northern Ireland.

The Department of Manpower Services is able to train more than 6,000 adults and school-leavers each year now in 14 Government training centres. It is also helping to finance the training of a further 7,500 people in industry. The resources of the department to provide specialised training and to provide "on the job" training is proving a major factor in the settlement of the new companies that have concluded deals to establish Northern plants.

For example, welders were in short supply in the Province. The Department has been able to undertake a crash training programme to provide sufficient welders of high standards to meet the needs of new companies.

Employers are now sufficiently impressed with Government trainees to accept them as two-year trained apprentices after one year in a Government school.

Another Government agency, the Industrial Science Division is providing an unusually brisk and wide-ranging service to industry on technical matters either free or at very low cost.

One of that agency's most remarkable achievements has been to invent a world-selling product arising out of Northern Ireland's urban terrorist experiences in the early 1970s.

Since the worst terrorist period Northern Ireland has been cleaned up and a big building programme is under way in Belfast. But one problem concerning the authorities was how to remove the work of the aerosol graffiti artists which despoiled so many walls and buildings. The slogans of the can artists were favoured by the warring factions to press home their arguments.

The Industrial Science Division set to work to invent a graffiti remover. They had to find a formula which would eradicate aerosol paint markets without harming conventional paints and varnishes. Chief scientist John McCullins explained: "We first found a solvent. Then we added a thickener so that the solution would stick to walls long enough to work. Finally, after more refinements, we added a detergent so that it could be washed off with water."

Training

Northern Ireland enterprise was quick to recognise the commercial possibilities of the graffiti remover. A local firm, Kilco Chemicals, is now selling it to many countries which also have their problems with the aerosol can artist.

Two other agencies called the Local Enterprise Development Unit (LEDU) and the Integrated Work Force Training Units (IWFUs) have been specialising in helping small industries to prosper and grow. The IWFUs are basic industrial nurseries. They set up small factories of a dozen untrained people. Training is given and when the Government thinks it has a going concern (usually in engineering) a businessman is sought to take over the project.

Several thriving businesses have begun life as Government-backed work force units in small country towns in Ulster.

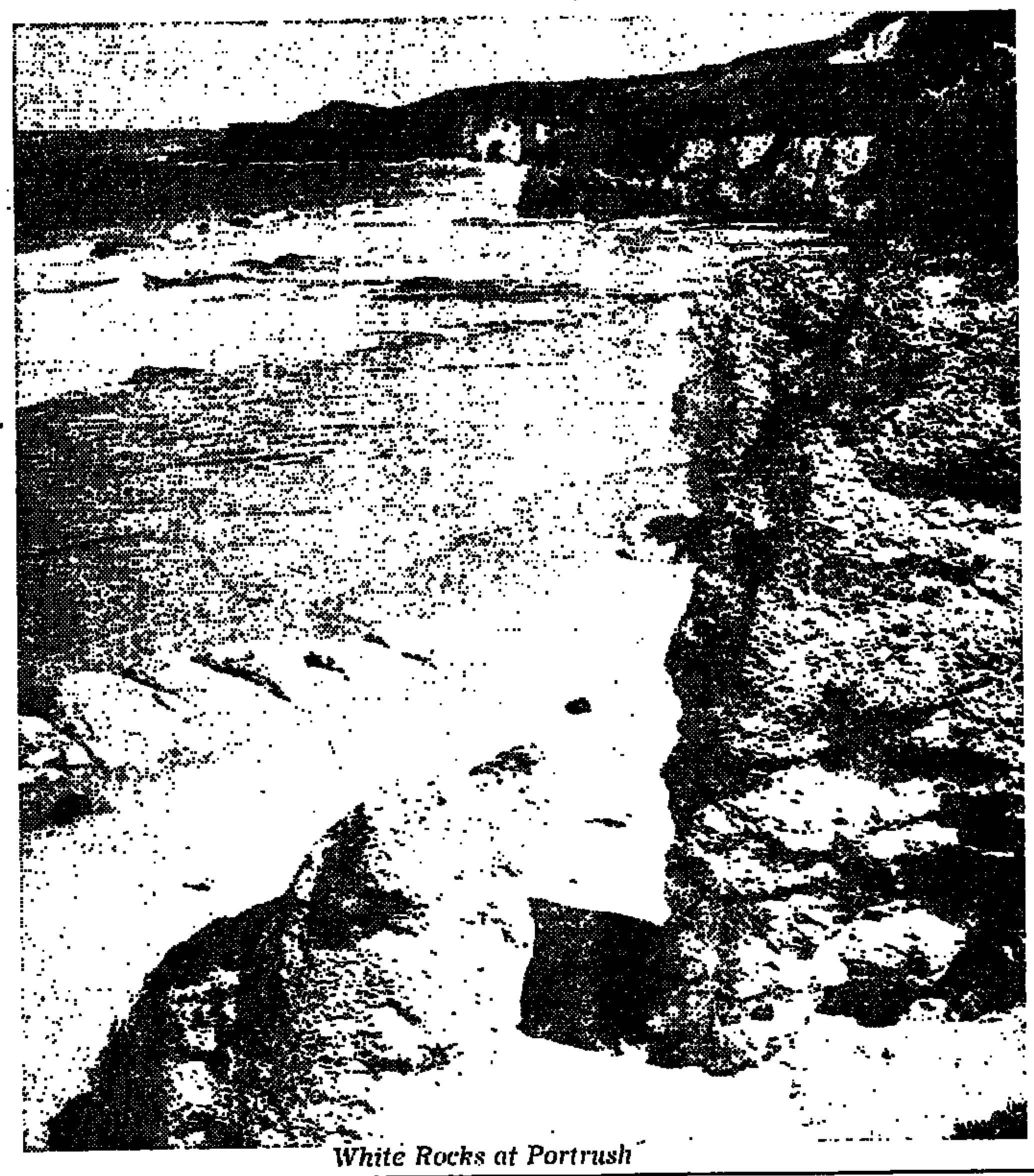
The objective of LEDU is to act as chaperone and adviser to small businesses which are already in being but which constantly need injections of capital and labour and changes in premises during the early years. The agency concentrates upon businesses employing fewer than 50 people and gives a personal service. Government officials and young businessmen find themselves working closely together over a period of years. It is a good formula for solving business difficulties with Government help with the minimum of fuss.

On a bigger scale is the Northern Ireland Development Agency (NIDA) which has been created out of the former Northern Ireland Finance Corporation. NIDA is charged with a merchant banking role which could not properly be undertaken directly by a Government department. Under an independent chairman and deputy chairman (a businessman and a trades unionist) NIDA's job is to take risks with the £50m public funds provided for it. Broadly it is the Northern Ireland equivalent of the National Enterprise Board.

A sports bicycle leans against the wall in NIDA's HQ. It is a symbol of the agency. When NIDA went looking for a new product in order to keep open a Londonderry factory the NIDA executives identified the British bicycle business as making a recovery after many slack years. NIDA bought an old British bicycle trade name—Viking—and set up production. This coming year turnover is expected to reach £1.5m on sales of 30,000 bicycles. And 100 jobs have been saved in the city of Londonderry by the investment.

So far it has cost NIDA £1.4m. But the agency is confident that the Viking company will soon be self-financing and that it will be a growing capital asset for Northern Ireland from then on.

Roy Hodson



White Rocks at Portrush

Tourist sector

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Board which is five times the size of the Norfolk Broads.

The Province can quite justifiably be called an anglers paradise. Coarse fishing is particularly popular in Lake Erne where good facilities in terms of hotels, tackle shops and availability of boats have been developed. In 1977 a Mr. Ian Heaps broke the World Open Five-Hour Match Fishing Record during the Benson and Hedges Fishing Festival in No. Ireland's lakeland with a 166 lb catch. The publicity this match generated has attracted groups of anglers from the UK to take holidays in Northern Ireland.

Strangford Lough is a sea water lake and here again is an abundance of fish including pollock, tope, skate, dogfish and wrasse. Two boat operators work out of Portaferry for anglers. There are also some 300 miles of largely unpolluted coastline, and in Port Stewart there are three boats devoted to amateur anglers.

A second type of holiday which has grown in popularity is cruising. It is possible to get a seven-berth cruiser on Lough Erne for a week for something like £150, which the authorities reckon is a third cheaper than cruising, say, on the Shannon in the south. Lough Erne is ideal for cruising. The surrounding terrain is high and rocky and there are plenty of coves and inlets. There are also innumerable islands to explore. The lough is not so large that the water gets really rough. Facilities like hotels, shops and restaurants have been developed at various spots around the shore. This kind of holiday is apparently proving attractive to Germans and the Dutch.

The Tourist Board, having decided that while the troubles were at their height promotion was a worthless exercise, devoted a lot of its £500,000 a year budget to improving facilities.

The Board, for example, is empowered to recommend to the Department of Commerce grants for hotels which can amount to one-third of the capital cost of building a new hotel or provide substantial assistance for improvements. It can also give, from its own budget, up to one third of the cost of a fishing boat. Grants of this kind have helped develop the sea fishing business in Port Stewart.

In the past 18 months, however, with the situation in Northern Ireland appearing to stabilise, the Board has geared up its marketing division. An effort is being made to attract more Germans to go on cruising holidays. For the first time this year a concern in London, Ellerman's, is offering specialised holidays in Northern Ireland, although it is still too early to gauge the response.

Another drive is being made in the U.S. With the current fashion there for seeking out roots, Northern Ireland is hoping to cash in on the fact that 10 U.S. presidents descended from Northern Ireland families—or so the Board claims. A company called Bestways in New York is offering holidays called the American Heritage Trail.

A drawback to pulling in visitors from Europe and the U.S. is that the ferries only go to England, Scotland and Wales, and there are no international stopovers at Aldegrove, Northern Ireland's main airport. Flights are to various points in the U.K.

While it is hoped to do something about this in the long term, the hope for the immediate future is that with the lessening of the violence, the North will benefit from the Republic's extensive advertising and tourist infrastructure. The Tourist Board in Dublin advertises Ireland as a whole and so there is some spillover.

As Lord O'Neill, chairman of the Northern Ireland Tourist Board, puts the situation: "The message is that after eight years of sheer frustration we are beginning to see just a glimmer of light."

Stuart Dalby

Attracting industry will be a lengthy task

PROGRESS TOWARDS dealing with Northern Ireland's major problem of unemployment is—like the defeat of terrorism—something which few people would be prepared to predict with any confidence, but over the last few weeks some steps in the right direction have been made.

Two big U.S. corporations, Goodyear and General Motors, have both announced substantial investment plans in the region and a number of other major schemes are already under way. And in what may be a pointer to future trends, guests at the Europa Hotel in Belfast the other week had the unusual experience—in Northern Ireland anyway—of seeing, at breakfast time the first major party from Japan for several years to come to cast eyes over investment opportunities in the Province.

The increased interest in the Province, is in part a reflection of the improved security situation over the past year, despite the continued occasional violent flare-ups. Though it may reappear from time to time, Northern Ireland is no longer on television screens around the world every night, and industrialists are as a result more prepared to accept invitations to see what conditions in the Province are like.

Closures

Businessmen—who are in a sellers' market when it comes to locating new plants—would still be reluctant nevertheless to invest in the Province if the advantages of doing so were not pretty immense. The boost that Northern Ireland's industrial base is currently receiving is also a response, therefore, to the major re-casting of the incentives package offered to potential investors and existing industry over the past two to three years.

Against a background of widespread closures in the mid-1970s—many of them the result of UK public expenditure cuts—a report drawn up by a team under the chairmanship of Dr. George Quigley, the permanent secretary at the N.I. Department of Commerce, painted a grim picture of job needs in the province. To bring down unemployment, currently around 11 per cent, to even a still very high 7 per cent by 1980 would require between 38,000 and 44,000 jobs, while to bring it down to 5 per cent would mean finding another 54,000 to 61,000 jobs.

To have any chance of attaining this objective, the report decided, two main conditions would have to be fulfilled. One was a need to strengthen the economic planning machinery to enable planning to go ahead on a sustained rather than an ad hoc basis. A key feature of the new system, it suggested, should be a re-formed Economic Council which would act independently to feed in the views of employers, unions and other interested parties to the planning process.

The other and more immediate recommendation was action to improve the conditions for industrial growth within the Province, to encourage expansion by existing industry as well as to attract outside investment. Industry's complaint over electricity charges—which had risen as much as 30 per cent above those in Britain—was backed, and action has now been taken. The Northern Ireland Electricity Service debt of £227m was wiped out and £100m has been made available over 5 years to help keep costs down, by wich time it is hoped the service can again be self-supporting.

Discussions are also going on which could lead to a resolution of industry's other big energy problem—the high cost of gas, currently manufactured from oil. In a report from the British Gas Corporation two possible approaches have been outlined—a pipeline link from Scotland which would give the Province access to natural gas, at a cost including conversion of around £70m, or a run-down of the system and reliance instead on electricity. The arguments are now being evaluated by the Department of Commerce, which also has to take into account the effect on the economics of the electricity system of competition from cheap British gas.

The already generous package of investment incentives was also improved, with the differential in relation to the UK in some cases being widened. The Quigley report recommendation of fiscal incentives to incoming industry was rejected, because it would have introduced a system radically different from the rest of the UK and would also have met with EEC disapproval. Nevertheless the improved grants now available mean that virtually the entire cost of new enterprises in some areas is now met.

Maintained

In training, the same principle of "parity plus" with the UK—services equal to and in many cases better than those available in Britain—is maintained. The Department of Manpower Services is the main provider of first-year apprenticeships to young people in the Province, and through its 14 centres also undertakes extensive retraining of adults. A variety of schemes is available to make sure incoming concerns are not handicapped by lack of skilled manpower.

The effect of these measures has been to make it possible for the Province to go on the offensive in the search for new industry, at a time when some limited economic expansion was beginning to take place again worldwide, and over the last few weeks these efforts have gelled.

A new scheme for assisting towards the cost of research and development was responsible for the Goodyear decision to locate its European rubber products laboratories in Craigavon. Glen Electric, the successfully NI-based radiator manufacturer, is taking over a further part of the Dimplex operation from the Receiver, and will thus be strengthening its position as one of Britain's biggest makers of heating appliances. General Motors will be employing 600 people at its new £16m seat belt plant in Belfast, consolidating Northern Ireland's position as a major supplier of components to the European motor industry. Ford is already represented in the Province and has recently expanded its carburetter plant.

Other important groups include Michelin, the tyre group, Kent Plastics, making dashboards and Walker Tenneco, manufacturing silencers. Also in the past month Harland and Wolff, the Belfast shipbuilder, has reached agreement with MAN of West Germany to manufacture diesel engines, securing employment for 400 at the company's engine works.

Attack

The attack on unemployment is also being mounted from another direction through a search for products that can be made in Northern Ireland, as well as for suitable projects that can be persuaded to settle there. This product search is one of the main functions of the Northern Ireland Development Agency, set up two years ago with a budget of £50m and a remit to act as a high risk merchant bank. The agency has successfully established a bicycle manufacturing operation, Viking, in Londonderry, and has also transplanted a small lock-making business, SMS, to the border town of Strabane. It also has a stake in Glen which it inherited from its predecessor the NI Finance Corporation.

Unlike NIFC, however, the agency has been able to relieve itself of the responsibility of taking on pure rescue cases and has passed back to the Department of Commerce a number of projects which are going to take a lot of nursing, including Strathearn in West Belfast, the initially promising audio equipment project later plagued with technical troubles.

The agency is on the look-out for joint ventures, licensing arrangements or other deals with successful companies but it is also prepared to go into business itself to back good ideas. It is also aiming to fill gaps in the Northern Ireland industrial base—as in its investigation with a number of groups into the possibility of setting up a mini-mill to produce steel from scrap in Northern Ireland. Another idea currently being looked at is a joint development with the Northern Ireland Tourist Board, aimed at creating amenities for the many fishermen who holiday around the Province's loughs.

The attraction of new jobs is only one side of the employment coin, however; the other is the ability of existing industry to retain or even increase its numbers. For although more than 70,000 new jobs have been created since the war in industry, total employment in manufacturing in Northern Ireland has still fallen from 212,000 in 1959 to 178,000 last year, largely because of structural changes in industry and the patterns of trade. Total employment in manufacturing among women—many of whom used to work in the Province's once-substantial linen and shirt industries—is down over the same period from 78,000 to 51,000.

Employment in service industries is up almost 50 per cent over the same period from 201,629 to 298,454, but the Province has also seen a sharp decline in agriculture, and has to cope with a bigger rate of population increase than any other part of West Europe except the Republic of Ireland. Employment on the land, still three times as high proportionately as in Britain, is also set to decline.

In spite of this there is a belief that in industry at least the shake-out which has taken place over recent years has run most of its course, and that some stability has been achieved since the last major round of closure two years ago in telecommunications, engineering and defence establishments.

There has been too a substantial broadening of the Northern Ireland industrial base, which is no longer so heavily dependent on shipbuilding and textiles and therefore vulnerable to their problem. Together these two sectors accounted for one-third of all manufacturing employment in 1960 but the proportion is now down to one-sixth. Harland and Wolff has halved its labour force to 9,000 and has diversified away from bulk carriers to ferry ships, off-shore oil equipment and even motor cycle parts.

In aerospace, another important sector, N. Ireland's main producer, Short Bros., should benefit from the major aircraft purchasing programmes of the big airlines over the next few years. The company is well-established as a sub-contract supplier to the U.S. aviation giants and also has two other important activities—missiles and the manufacture of its own short-haul commuter aircraft.

In textiles the position is likely to remain difficult because of the continued pressures on European manufacturers from low-cost imports. The massive over-capacity in fibres in Europe has clouded prospects for expansion of output or employment by any of the six major producers represented in N. Ireland—ICI, Courtaulds, Du Pont, Monsanto, British Enkalon and Hoechst—and some further cutbacks seem possible. Future investment in fibres is more likely to reduce than create jobs and this could be the pattern in some other sectors too.

Nevertheless the rest of the textiles and clothing industry appears to have fared marginally better than in other UK regions over the past decade with a smaller proportionate decline in employment. The Province's linen industry may now have reached an economic level after substantial contraction and some major new textile projects, such as Courtaulds integrated household textile plant, have been attracted.

Prospects

In the Province's other main manufacturing sector—food processing, drink and tobacco—employment over the past 2 years has remained relatively stable at around 20,000 as a result of the continued development of wider markets in the UK and elsewhere for food processed in the Province.

Clearly the prospects for all these sectors depend to a very great extent on continued world recovery from recession and—because many of the companies in N.I. are subsidiaries of UK concerns—on Britain's ability to maintain or increase its share of world trade.

So far as recovery is concerned it has to be said there is little sign of it as yet for most N. Ireland companies. Industrial production in the Province—which like other UK development areas usually feels the benefits of an upturn after the more prosperous South East of England—is still only around 1975 levels and below the peak figure of 1973.

The announcement of several new manufacturing enterprises is nevertheless perhaps a harbinger of recovery, and the Province does now believe two of the important conditions for growth have been achieved. In the first place the package of measures is probably as strong as it could be made and at all levels there is a professional dedication to securing investment. Secondly, there has been a significant restructuring of Northern Ireland's existing industrial base.

Even so, there can be certainly no illusions but that the task of finding new industry and employment for Northern Ireland is one that is going to stretch forward for at least the rest of this century.

R.D.

Britain's aerospace jigsaw

By MICHAEL DONNE, Aerospace Correspondent

. LONG search by the UK ernment for solutions to the lems of what to do with the side of the aerospace in- ry may now be drawing to se, and some decisions could nnounced before the end of month. One of the final es in this complex jigsaw be fitted into place this k, when Mr. Callaghan (who taken this aerospace prob- very much to heart in nt weeks) meets the West man Chancellor Helmut midt and the French Presi- t Giscard d'Estaing at the summit in Bremen.

t this stage, there are still clues as to which way the Government will move on main issue outstanding— ther to link with Western ope or the U.S. in the elopment of a new genera- of short-to-medium range iners for the 1980s. But after the detailed discussions of ent months between Mini- s. Whitehall officials and ospace industry leaders, and ir counterparts in Western ope and the U.S., the British inet sub-committee which been considering the issue ler the chairmanship of Mr. laghan, is now as well in- med as it is ever likely to on all the political, technical l economic issues involved. e only missing link appears be the attitudes of the West rman and French leaders on atever line the UK proposes take. and it is thought likely t this is what Mr. Callaghan d his team will be trying to cover this week.

The decisions facing the UK vernment are complex, and e outcome will determine the ture of the civil side of the UK rospace industry for the rest this century—both for British rospace and Rolls-Royce. ch of the complexity ems from the wide-ranging nature of the problems involved, but some of it (at least in the view of many in the industry) stems from the Government's own handling of the situation, in lumping all the varied problems into one package instead of isolating them and dealing with each independently—which many claim would be a more feasible approach.

Four problems

The overall package which the UK Government has to settle includes four main problems:

British Airways' desire to buy 19 Boeing 737 short-range jets for service by 1980, instead of British-built One-Elevens, to replace existing ageing Tridents, One-Elevens and Boeing 707s. This deal would cost upwards of £140m, including spares.

A request from British Aerospace to start full-scale development of the HS-146 short-haul, feeder-liner jet, which has been "on ice" since development was halted in 1974. This would cost close to £200m. over a period of five years or so, but it would ease the emerging unemployment in the industry, especially at Hatfield and Filton (Bristol) where current civil work-loads are running down rapidly.

Granting formal approval for full-scale development of the new 33,000 pounds thrust Dash 535 version of the Rolls-Royce RB-211 engine, in addition to continued development of the existing Dash 22 and Dash 524 versions of the engine. This would cost upwards of £200m, but Rolls-Royce believes that there will be a big market for the engine in the new generation of short-to-medium range jets, especially the proposed Boeing 757.

Deciding whether or not to link with the U.S. or Western Europe in developing one or more aircraft to meet the growing demand for new short-to-medium range jets for the 1980s and beyond. This decision, which might cost the UK some £300m or more, is the most complex of them all, for it involves choosing one or more of five available options:

- Rejoining the Airbus Industrie consortium in Europe on a formal Government basis, to help develop the proposed smaller version of the A-300 Airbus, the 217-seater B-10.
- Joining a new "Joint European Transport" (JET) venture, perhaps under the aegis of a reorganised Airbus Industrie, to develop one or more of a series of short-to-medium range airliners that would seat between 136 and 188 passengers.
- Linking with Boeing of the U.S. to help develop the proposed 757 186-seater short-to-medium range jet, which could bring up to 40 per cent of the airframe work to British Aerospace (on wings, fuselage extension, landing gear and engine nacelles), and perhaps even more if the Rolls-Royce RB-211-535 engine is also made part of the aircraft.
- Joining McDonnell Douglas on developing new versions of Advanced Technology Medium Range (ATMR) transport, as part of a package that could also include collaboration on military aircraft, guided weapons, the marketing of other aircraft, such as the HS-146, and possible joint development of a second generation supersonic airliner.
- Joining Lockheed of the U.S. on developing new versions of the TriStar airliner, such as the proposed Dash 600 twin-engined TwinStar for short-to-medium ranges.

Each of these options has its own problems, giving rise to sharp divisions of opinion, inside and outside the aerospace industry. For example, the British Airways desire to buy Boeing 737s has been attacked by trades unions in the industry, who believe that many jobs will be threatened if the One-Eleven production line is allowed to run down. British Aerospace itself has bitterly countered the BA argument that the 737 is a better and more profitable aircraft to buy and fly than the One-Eleven.

There are also some marked differences of view both inside British Aerospace itself and in Whitehall on the market potential for the HS-146. Some argue that it could win orders for as many as 300 aircraft over the next few years, but others claim that this is wishful thinking and that the aircraft is little more than an attempt to meet the problems of a declining work-load on the civil side of the industry.

For Rolls-Royce the full-scale launch of the Dash 535 version of the RB-211 is vital to its long-term future in world aero-engine markets, especially in the short-to-medium range airliner field. It is regarded as essential if the UK is to have any share of the Boeing 757 project, for example (Rolls-Royce believes the Dash 535 could become the "lead engine" in that programme). Rolls-Royce is thus pressing hard for a decision in favour of British Aerospace joining with Boeing in the development of the 757. Rolls argues that it sees no future for itself in the current Western European proposals for either the B-10 version of the Airbus (which would use the existing General Electric CF-6-50 series of big-thrust engines) or the JET programme, which is built round the French-U.S. (Snecma-General Electric) CFM-56 engine. Rolls-Royce also wants to see British Airways joining with Eastern Air Lines of the U.S. as "launching" airlines for the 757 with the 535 engine.

Added to these complex issues are uncertainties over which way the world's airlines themselves intend to move. Boeing, for example, is anxiously wooing the biggest airline in the Western world, United of the U.S., in the hope that it will become the main "launching customer" for the twin-engined 767, a 200-seater which is the main aircraft in Boeing's future development programme, but which is a direct competitor to the European B-10 version of the Airbus. But United is also closely studying the B-10, and has made it clear that it will choose the aircraft that not only can perform best on its route network, but which can offer the most favourable financing terms. The battle is likely to be close, and few in the airline industries on either side of the Atlantic dare to predict which way it will eventually go. But if the B-10 Airbus were to be bought by United, the Airbus Industrie consortium would be immensely strengthened, as would the case for the UK rejoining it on a formal government basis. At the same time, Boeing's plans for a new family of jets would be dealt a severe blow, and that company might be all the more anxious to seek a partnership with the UK on the smaller 757 in order to get at least something new rolling while it looked round for other launching airlines for the bigger 767.

One package

It is because all these decisions are so complex that many in the UK aerospace industry are surprised the UK Government should appear to be trying to settle them collectively in one package. The view is widespread that it would be simpler to split the problem into its component parts, and solve the various issues separately.

For example, it is argued that British Airways' desire to buy 737s instead of One-Elevens has no real bearing on the longer-term question of whether or not British Aerospace joins with Boeing in developing the bigger 757 airliner. The 737 is needed now, whereas the 757 will not be needed by anyone much before 1983. It would be comparatively simple to settle the BA case now by a compromise decision that would permit the airline to buy, say, ten 737s to meet immediate replacement needs, while working out with British Aerospace a longer-term programme for development of an improved One-Eleven that would meet the more stringent noise and fuel-efficiency requirements of the mid-1980s.

Similarly, there is said to be no reason why the Government cannot settle now the future of the HS-146 feeder-liner. This, it is argued, involves no questions of international consultation or collaboration whatsoever (where foreign components are involved, such as engines, they are to be bought off-the-shelf where they can be found most cheaply). A decision in favour—provided the Government is convinced of the British Aerospace marketing claims for it—could do much to boost flagging morale in the industry, and ensure that British Aerospace did not miss the market. The peak of spending would not be likely to occur until the early 1980s as production expanded, so that there would still be time to review the continuance of the programme in the light of market demand before spending got too high.

Also, many in the industry see no reason why the Government cannot formally authorise now a go-ahead for full-scale work on the Dash 535 engine.

It is argued that a decision in favour of the 535 engine now could do much to help develop a climate of confidence in it for the long-term future. Boeing would be able to offer the 757 airframe backed by a firm engine development programme, while Rolls-Royce could press on secure in the knowledge that even if the Government eventually decided to adopt a European solution for its airframe problems, the development of the engine was guaranteed.

Neither the HS-146, the BA 737 proposal, nor the Dash 535 engine, involves any significant international political considerations, and by clearing them out of the way the Government could clear the decks for the major long-term strategic decision — whether to join the U.S. or Western Europe on the next generation of airliners.

On the Government's side, however, it is equally forcefully argued that all these decisions require the commitment of substantial cash resources, perhaps adding up to as much as £1bn over the next few years. Any decision taken too hastily might prove to be wrong in a year or so's time, so uncertain is the state of the world market, with consequent waste of money and bitter criticism of Government actions. Ministers prefer at this stage to tread cautiously, and to discount much of the pressures from the industry. But it seems increasingly likely that by mid to late July they will be ready to announce their proposals for the industry's long-term future.

Glyn Genin

Final assembly line for the A-300 airbus at Toulouse.

Letters to the Editor

Changing patterns

rom the Managing Director sco Stores (Holdings)

Sir,—It has taken Britain two nturies to come to terms with e Industrial Revolution—and any problems still remain unsolved. The question implicit David Freud's artice on the anging patterns in British nployment (June 28) is not so uch whether we are now enter- the post-industrial age; more hether we have the economic it to adapt to such a change t in two centuries but in two cades.

Presently there is little indi- tion that we have. For 30 years ere has been a consistent shift ay from manufacturing (−0.7 r cent) towards service (+303 r cent) employment—a fact at both Government and pposition all too often choose ignore. For 30 years the trend s been for manufacturing to ntribute less (−7.3 per cent) d services to contribute more +12 per cent) to the GDP—yet ll our decision takers pretend at the evidence does not exist, ssibly in the hope that it will away. It will not.

This is not to deny the crucial portance of the manufacturing ctor. On the contrary, it could argued that Britain's continu- g failure to "read" post-war ends and, thus, to relate manu- cturing to service investment one of the causes of our resent economic weakness. for hile a prejudice against the tter in favour of the former ersists, it is doubtful whether balanced investment strategy an ever be achieved.

The examples of such prejudice re manifold, though one will uffice. It was in 1946 that the overnment introduced the dustrial building allowance, a elcome incentive to industrial egeneration in the immediate ost-war years. In 1978, the llowance (providing deprecia- on on industrial developments) s still available—to the manu- acturing, not the service, sector.

In my own industry, which now employs some 2.5m men and women and handles an annual turnover of £26bn on food and clothing alone, such discrimination has widespread consequences — not least on the price of food. In the past year British retailers have played a considerable part in meeting the Government's own stated objectives of containing price inflation — with a resultant squeeze on margins throughout the industry.

If the Government expects retailers to continue playing a significant role in combating inflation "over the counter" then it must recognise the problems of the industry itself — among them the escalating costs of providing modern and cost-efficient shopping. The alternative is straightforward: the industry will be able to play a diminishing role in holding down retail prices and the Government will be penalising the general public for the sake of its historic prejudices.

It is now more than 12 months since the Government accepted that the present operation of the IBA is inequitable. Surely that is time enough to correct the situation and, in the process, go some way towards recognising the transformation that is taking place in the structure of our economic life — or will it take Westminster and Whitehall two centuries to come to terms with the inevitable? If so, our prospects for survival are depressing indeed.

Ian C. MacLaurin.
Tesco House, PO Box 18, Delamare Road, Cheshunt, Waltham Cross, Herts.

Beet or cane

From Mr. R. Farnell

Sir,—Your reviewer of "Sugar and all that" (June 29) states "it is a lengthy sometimes endearing history of Tate and Lyle." Of course. It says so on the cover.

The rise of beet sugar and the overproduction in Europe (principally France) has at last dealt a body blow at the British sugar refining industry. For hundreds of years cane sugar came to the UK to be refined. At that time the cane industry could not readily make the qualities demanded. Now most of that is changed.

Then there is the question of freight. Beet sugar is grown at the point of consumption. Cane sugar may be transported thousands of miles. With many of the UK refineries closed, causing considerable unemployment, it is not difficult to assess the views of the refiners.

Tate and Lyle need not apologise for its record. Diversification may well restore its fortunes. If all British industry had been conducted as efficiently as "T and L" our situation today might be different.

R. G. W. Farnell.
Idleigh Court, Meopham, Kent.

Delays in the mail

From the Senior Vice-President Kurt Salmon Associates.

Sir,—No doubt most of your readers have noted the appalling deterioration in the mail service in the past few weeks. Thirty per cent of my first class mail is taking two days or more, even across London, and four days in a recent case to Leeds: but even worse are the new regular delays of 10 days or more for Continental and U.S. mail.

Only as a result of writing to my MP have I received a call from the South East Regional management, admitting that they have a staff shortage in the sorting office dealing with incoming overseas mail which is causing these delays.

The Post Office is perpetually breaking its contract with the public for first class delivery within 24 hours. The 9p charge is a confidence trick. But the ineptness that can permit an increase of over one week in the delivery cycle for overseas mail due to a staff shortage when we have 1.5m people unemployed is, to say the least, unbelievable and unacceptable.

Is it not time that the user was properly considered by the Post Office, and that a thorough investigation by independent professionals was carried out? Complaints to the Post Office Users National Council bring forth only statements that pressure is brought to bear, which over the last three years has had no effect.

Is the only answer for the politicians to break the Post Office monopoly and allow private enterprise a chance to compete?

Stuart D. Hollander.
119-120 High Street, Eton, Windsor, Berks.

New industrial revolution

From Mr. D. Lindsley

Sir,—The announcement of the NEB's plan to leapfrog Britain into the forefront of the microelectronics race has raised comments in many quarters, most recently from Sir Keith Joseph. At the same time the unions are pointing to the great changes which are about to overtake us all now that the microprocessors have arrived. All of this comment and action represents a tiny portion of the debate which is about to cascade over us.

I am not the first to point out that (with the advent of the microprocessors) the new industrial revolution is here. Like the first one its effects are going to be far-reaching and irrevocable but in two major respects the new revolution is totally different from its predecessor: first, it will occur over a much-reduced timescale and, second, this one will not be led by Britain.

Our place in the revolution has been taken by the U.S. Whether we like it or not that country dominates the computer field: one has only to travel through the industrial estates on the outskirts of Paris or virtually any other capital city to see this—the names which are seen are almost without exception those of American companies. I do not intend to denigrate our own excellent computer organisations or to belittle the high international standing of our software experts, but we must recognise the facts and do what we can to protect our interests.

One of the facts is that success depends on a mixture of credibility and experience. No matter how ingenious one's technology, the end user is going to select from those with a proven track record, and nobody can create an "instant track record," even by putting down £50m.

The point is that the organisations with the experience and credibility are already here—they are American and they are so well-entrenched that we will never be able to displace them. What we should do is to form powerful partnerships with the best of these manufacturers and to use our acknowledged strengths in software and applications engineering to take those basic components and use them effectively in systems. At the same time we should use our considerable skills in fundamental research—and allied to the knowledge, experience and investment which exists with our new partners — to carry out fundamental research into the real next generation of electronic devices.

Government investment assisting these two areas would achieve the most in helping us to export products of our ingenuity. This does not refer only to our engineering industry but to all the other areas into which microprocessors will have such a pronounced effect.

D. M. Lindsley.
15, Glamorgan Road, Hampton Wick, Kingston-upon-Thames, Surrey.

Big postage stamp

From Mr. L. Greene

Sir,—The comment George Szpiro (June 24) is obviously inviting is that the time is fast approaching when an adhesive-backed £1 note may be affixed in the top right hand corner of an envelope as postage (second class presumably).

Leonard M. Greene.
Mark Green Management,
27-31 Bryanston Street, W1.

Agriculture and the EEC

From the Deputy Director—Economics, National Farmers' Union.

Sir,—Your correspondent John Cherrington (June 28) accuses Asher Winegarten and myself of special pleading for British farming. His critique of our recently published paper "British food and agricultural policy to 1985" seems to have been based on a complete misunderstanding of the paper.

We took as our starting point Britain's continuing membership of the EEC—a cornerstone of which is the common agricultural policy. Like it or not, we are bound by the CAP and in seeking to make changes to the policy one must recognise that Britain has only one voice in the Community's councils. That there need to be changes to the CAP we would not deny—indeed in our paper we put forward a list of desirable changes to the CAP too lengthy to catalogue here.

Far from asking for special treatment for British farmers the point we make is that through the inequities and iniquities of the green currency system, British farmers are presently being most unfairly treated. The CAP calls for a common market for agricultural produce with common prices; yet the green currency system means that the Community as a whole ensures that German farmers enjoy support prices some one-third higher than those which face British farmers. We seek no favouritism for Britain —only competition with our European partners on fair and equal terms.

John Malcolm.
Agriculture House, Knightsbridge, SW1

An untrue story

From Sir Philip de Zulueta.

Sir,—In his review (June 23) of a recent work about the Dulles family, your reviewer referred extensively to one story in the book concerning the late Lord Avon and the late Captain Liddell-Hart. I am in no position to comment on the rest of the book but I hope that it is more accurate than this story which I and others who were serving Sir Anthony Eden at the time know to be untrue.

(Sir) Philip de Zulueta,
11 Vicarage Gardens, W8.

Local authority spending

From the Head of Research AIMS

Sir,—The controversy in your columns over local authority accounting has some special and immediate implications for the general public.

The Government, while discounting suggestions that it wants to nationalise the building industry, is pledged to bring forward proposals to expand council building departments (known as direct labour organisations, DLOs). In particular, it is proposed that DLO maintenance departments shall be more widely used, and even that they should seek work from private clients. The Chartered Institute of Public Finance and Accountancy has now recommended that DLO maintenance departments should improve their accounting practices in order to relate their costs to market prices. Curiously, the procedures most favoured are those of the Greater London Council's maintenance department, so recently criticised by the district auditor (June 21).

Greater London Council has also been held up as a shining example to other DLO maintenance departments because it is alleged to save no less than £8m a year on work that would otherwise be done by contractors. The district auditor says, however, that the extent of overbooking of time and job sheets at the GLC must "give rise to serious concern." Overbooking means that work is shown as having been done when in fact it has not been done—thus giving a false impression of the organisation's unit costs from which supposed savings are calculated. Assertions of a particular level of efficiency based on such figures are valueless.

In defence of GLC accountants, Mr. M. F. Stonefrost (June 29) says that they had some time ago alerted the council to the situation described by the district auditor. There is no need to criticise council accountants here. The real question raised by the revelations at the GLC is whether councils ought to be involved at all in building operations which call for commercial acumen and flexibility of working if they are not to waste public money.

Incidentally, the alternative accounting procedures for DLO maintenance departments recommended by CIPFA were those operated at Wandsworth. They at least seem to have the merit of having established the department's true efficiency level since the council has announced that it is regularly losing £500,000 a year and is to cease housing maintenance work.

Malcolm Hoppé,
5, Plough Place, Fetter Lane, EC4.

Swiss loan cost

From the Chairman, County and District Properties

Sir,—In your article (June 29) on the loss incurred by the Greater London Council, mention is made of some savings on the interest rate which are said to have reduced the total nominal loss by between £1m and £6m.

I do not know how the savings have been calculated, but I think it is worth emphasising one point which is not brought out in your article and which I believe was overlooked by the Boards of many other organisations which arranged foreign loans. This is that interest as well as capital is payable in the currency in question, and the apparent cheap rate therefore increases in direct relationship to the fall in the value of sterling.

In the case in question the "saving" between the then sterling interest rate of 12 per cent and the Swiss rate of 7½ per cent has progressively become a net extra cost. Due to the fall in sterling the effective interest rate in sterling terms now stands at no less than 15.9 per cent, and there will be a continuing loss until repayment.

I would be very surprised if the earlier saving in interest was not considerably exceeded by the extra cost of the later years, so that far from there being a saving to offset against the capital loss, there will actually be a net extra interest cost.

L. W. Melville.
46, Green Street, SW1.

A sort of century

From Mr. J. Wheeler

Sir,—There has been correspondence recently on the employment of the phrase "You Know."

In the two recent Test Matches, a former England Captain in his comments on play on TV must have scored a century of "Sort ofs."

John Wheeler.
10, Courtwood Drive, Sevenoaks, Kent.

Today's Events

GENERAL

U.K. official reserves (June).

Capital issues and redemptions during June.

Prime Minister addresses special Parliamentary Labour Party meeting prior to Government announcement on Boyle Report recommendation of higher salaries for senior public servants.

European Parliament in session, Luxembourg.

British Steel Corporation annual report.

Council of Europe parliamentary hearing on sea-shore oil pollution, Paris.

Greek and Turkish Foreign Ministers meet in Ankara to discuss Aegean and Cyprus disputes.

The Queen and Duke of Edinburgh visit Central Borders of Scotland.

Mr. William Whitelaw, deputy Opposition leader, speaks at Moss Side by-election meeting.

National Union of Mineworkers' conference continues, Torquay.

PARLIAMENTARY BUSINESS

House of Commons: Debate on Opposition motion on employment. Timetable motion on Scotland Bill.

House of Lords: Debate on approximation of laws in EEC. Motion on case of Mr. D. C. Anderson QC. Debate on possibility of U.S. tanker aircraft at Fairford.

Select Committee: Nationalised Industries (sub-committee A). Subject: Rural bus services. Witnesses: Mr. John Horam, Under-Secretary, Transport, and officials (4 pm, Room 8).

COMPANY RESULTS

Final dividends: Bassett (George) Holdings; Bristol Evening Post; Dale Electric; Downing (G. H.) and Co. Interim dividends: Bath and Portland Group; Lincroft Kilgour Group; McMullen and Sons; Winterbottom Trust.

COMPANY MEETINGS

Canadian and Foreign Investment, 9, Bishopsgate, EC, 12. Queens Moat Houses, St. Albans, 12. Stylo, Bradford, 3.

COMPANY NEWS + COMMENT

Granada's £4.6m advance in first half

A £4.6M profit advance to £18.21m is reported by the Granada Group for the 28 weeks ended April 15, 1978. This is after allowing for the £1.49m integration costs of Spectra Rentals for the 1977 half-year.

The UK rental operation increased its profit from £5.72m to £9.18m, after depreciation £14.2m (£13.78m) and interest £0.35m (£1.78m).

Accounts of the overseas rental operation close annually on June 30. Turnover for the six months ended December 31, 1977 rose from £11.2m to £14.45m, but profit fell from £0.83m to £0.64m because of the costs involved in developing 21 additional showrooms in the period.

The profit for the full year will exceed that of 1976-77.

At Granada Television a profit of £4.9m, compared with £3.96m, was made.

Earnings for the half year are shown at 5.7p (4.4p), and an interim dividend of 1.1713p net is declared; last year the payment was 1.0648p and was followed by a final of 0.8805p. Pre-tax profit last year reached £25m.

A debit adjustment of £1.7m has come up because of a fall in sterling exchange rates. This will be dealt with in the year-end accounts.

	Half year 1978 £000	1977 £000
Turnover	127,667	109,700
Trading surplus	36,148	34,796
TV rental depreciation	17,214	16,028
Other depreciation	2,569	1,884
Interest paid	2,159	3,674
Profit	16,206	13,112
Spectra costs	—	1,488
Profit before tax	16,206	11,624
Tax	9,036	6,078
Net profit	7,170	5,546
Minorities	96	68

The property investment and dealing subsidiary, Barranquilla Investments, is paying an interim dividend of 13.2319p, on October 2, equivalent to 40.096 per cent gross against 36.451 per cent.

Turnover for the half year came out at £756,000 (£740,000) and profit fell slightly from £444,000 to £436,000, subject to tax of £232,000 (£236,000).

● comment

With taxable profits 39 per cent ahead at the half-way stage, Granada is well on target for a full-year total of more than £30m. Interest charges, lower in the second half last year, continued to fall as the group's massive cash flow helped further reduce borrowings. Meanwhile loss-making Transatlantic Records (£0.2m last year) and Spectra's "integration costs" are out of the way this time. Nonetheless Granada is doing well, with profits from the UK rental side (up 60 per cent) feeling the benefits of last August's 7 per cent price increases. Mr. Hattersley's Price Commission is currently looking at the sector but the company says no increases are in the pipeline. Earnings from television may slip in the second half if the recent slower trend in advertising revenue persists during the summer. Granada, however, is not as vulnerable here as other TV companies like Trident and ATV. The shares rose 8p to 109p where they stand on a prospective p/e of around 9, which clearly reflects the group's underlying strength.

INDEX TO COMPANY HIGHLIGHTS

Mercury Securities down £1m

INCLUDING A reduced contribution of £9.86m against £10.43m from S. G. Warburg and Company, net profit of Mercury Securities fell from £11.71m to £10.77m in March 31, 1978, year.

At half-way directors reported that profits did not reach last year's level mainly owing to the lower profitability of the metal trading and refining subsidiaries.

After minority interests of £2.71m (£3.1m) and £2.25m from a deferred tax provision no longer required by subsidiaries, attributable profit emerged at £10.32m (£8.61m).

Earnings per 25p share before the tax credit are shown down from 20.27p to 18.96p, and the dividend is up from 3.3894p to 3.7283p net.

Directors say that as well as the £8.73m balance in the profit and loss account, disclosed reserves were boosted £0.62m, mainly owing to exchange adjustments. Capital and reserves are now more than £65m, excluding inner reserves of the banking companies and the excess of market or directors' valuations over the balance sheets amounts of listed and unlisted investments

See Lex

Holden short on forecast

AGAINST their forecast of not less than £1.75m, the directors of Arthur Holden and Sons, varnish, enamel and lacquer manufacturer, announce taxable profits of £1.67m for the March 31, 1978 year (compared with £1.61m last time), on a £2.34m rise in sales to £15.42m.

Profit at halfway were £978,000 but directors said that the level of growth will not be maintained in the second half and they forecast profits of £1.75m for the full year.

They now state that the short-lived uncertainties affecting the company's customers in France ahead of their recent national elections, were greater than had been foreseen, and so although profits of the French subsidiaries were 50 per cent higher than last year, results are less than forecast.

Trading in the first quarter of the current year, they add, is satisfactory.

Tax for the year took £855,000 compared with £842,000 and after an extraordinary credit for the period of £101,000 and minorities, the attributable balance came out at £908,000 against £764,000.

The dividend is lifted to 3.25p (1.95p) net per 25p share with a final of 2.25p. This is against a 1.98p forecast. As the company has only been listed on the Stock Exchange since November 1977, the Treasury has confirmed that dividend restraint will not apply for the two years to March 31, 1979.

Progress at Sound Diffusion

PROFITS FOR 1977 from Sound Diffusion have shown an improvement, as intimated, and amount to £560,000 before tax, against £478,000.

But taking in an extraordinary £607,000 net relating to refinancing arrangements, and deducting tax of £25,000, gives a net profit of £1,142,000, coupled with £481,000.

The dividend is lifted from 1.089p to 1.216p net per 5p share.

Principal activities of the group are the manufacture, installation, sale and rental of electronic supervisory control systems, fire alarm systems, radio paging and public address systems, etc.

Kleen-e-ze second half downturn

FOR THE year to March 31, 1978, pre-tax profits of Kleen-e-ze Holdings, manufacturer of brushes and cleaning devices, etc., show a £83,347 advance at £492,575, on turnover ahead from £5.91m to £7.36m.

The full year figures disclose a second-half profit downturn, for at the interim stage the improvement was one of £103,633 at £313,031.

The dividend total per 25p share is lifted from 3.868p to 4.32p with a final of 3.445p net.

Tax for the 12 months took £236,095 (£192,003) and the retained balance was £142,424 (£136,719).

Brentnall slumps mid-term

INCLUDING A loss of £8,000, as a result of investment sales, against a £72,000 profit, pre-tax profits of Brentnall Beard, insurance broking concern, were more than halved from £564,000 to £233,000 in the half year to March 31, 1978. Profit for the whole of the 1976-77 year was a record £1.01m.

The directors say they are conscious of the need to strengthen group management, and have taken initial steps to do so. Also, Brentnall has been connected with certain problems, they add, but they do not believe that these will have a serious impact on the group.

Profits also included associates share £24,000 (£21,000).

Tax for the first half took £130,000 (£273,000) and there was a minorities loss of £35,000 against £37,000 profit.

Figures for the comparative first half have been revised with respect to foreign operations, the directors state.

Stated earnings per 10p share are down from 3.41p to 1.82p and the interim dividend payment is increased from 0.531p to 0.572p net—last year's final was 0.746p.

● comment

By contrast to some of the more glittering results declared recently by the insurance broking sector the latest figures from Brentnall Beard are rather sad looking. A 13.3 per cent decline in the value of the Canadian dollar against the pound during the period under review only partly explains the 60 per cent dive in first half profits to £233,000. Canada, which accounted for around 40 per cent of group profits, is in fact loss making due to the poor trading conditions existing in non-marine insurance markets. The group has also suffered a loss on investment sales and it has not been possible to cut back expenses to offset some of the profit setback. Brentnall is attempting to tighten up internal financial controls by appointing a fully qualified accountant as group financial controller. Meanwhile the Sasse affair looms large over the share price, near its low for the year at 32p. There is no mention of possible provisions or contingencies in the event of the group becoming embroiled in the dispute between Sasse and IRB, and the group's own insurance cover for errors and omissions only stands at £2m. The group is capitalised at £2.4m, and the shares yield 6.3 per cent, assuming an unchanged final dividend, which is well covered by historic earnings.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
J. Cropper	1	—	0.5	1.5	0.75
Granada Group ....int.	1.17	Oct. 2	1.06	—	1.95
Henderson Kenton	2.17‡	Oct. 2	1.81	3.69	3.35
A. Holden	2.25	—	—	3.25	1.95
Kleen-e-ze	3.45	Aug. 26	2.95	4.32	3.87
Lendu Rubber	0.7	—	0.7	0.7	0.7
LMI	2.91§	—	2.61	4.81	4.31
Marshalls (Halifax)	4.85	Oct. 2	4.25	5.84	5.23
Mercury Secs.	3.73	—	3.39	3.73	3.39
A. Monk	2.51	Aug. 21	2.34*	3.51	3.18*
Rembia Rubber	0.45	—	0.45	0.45	0.45
Scot. Eastern Inv.	2¶	Aug. 4	1.25	—‖	4.05
Sound Diffusion	1.22	Sept. 15	1.09	1.22	1.09
Alexanders Discount int.	4.5	July 31	4.5	—	14.33
Associated Newspapers	3.96	Aug. 15	3.52	5.75	5.21
Bambergers	2.41	Aug. 21	2.16	3.23	2.89
A. G. Barr ....int.	0.75	—	0.67*	—	2.15*
Brentnall Beard ....int.	0.57	July 31	0.53	—	1.28

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Gross throughout. § Based on ACT of 33 per cent. ¶ To reduce disparity with final. ‖ Not less than 4.5p forecast.

Bambergers falls to £1.4m: now in better trend

A SECOND-HALF fall from £958,000 to £643,000 at Bambergers, timber products and builders' merchant group, followed the £193,000 interim downturn and the group finished the full year to March 31, 1978, down from £1.88m to £1.38m on external sales decreased to £38.59m against £39.52m.

Sales in the opening months of the current year are better, the directors say, and profitability is improving. There has been a healthy increase in housing starts in the private sector and they hope to see some benefit from the strengthening of the building materials division, which is expanding its distribution facilities.

Sales and pre-tax profits were split as to: forest products £24.67m (£27.43m) and £0.93m (£1.54m) and building materials £13.92m (£12.09m) and £0.42m (£0.34m).

The directors comment that trading conditions were difficult and competition intensified during the second half.

Although sales were down by nearly £1m they say that, for last year, the figure included over £1m sales from a subsidiary which was disposed of during the year. And they say that the general level of prices suffered a depreciation owing to the strength of sterling.

After tax of £0.75m (£1m) net profit was £0.63m (£0.88m) but an extraordinary credit of £0.49m (£7,000), representing deferred tax on stock appreciation relief for two years, lifted the available profit up from £0.88m to £1.12m.

Earnings are shown as 6.3p (8.8p) per 25p share and the dividend is stepped up to 3.2319p (2.8941p), the maximum permitted, with a final payment of 2.4149p, net.

Directors say the group was able to lower the level of stockholding which led to a substantial reduction in borrowing from £4.5m to £2.7m, which represents 28 per cent of shareholders' funds.

Some £0.5m of the sums set aside for deferred taxation has now been released, they say, and falls within the recommendations of ED 19.

A revaluation of all freehold and long leasehold properties was carried out in March, 1978, and a surplus arose of nearly £1.7m which has been added to reserves.

This, together with the release from deferred taxation, plus net retained profit, increases the net assets per share to 93p (68p).

● comment

Bambergers' poor second half—pre-tax profits down a third to £643,000, compared with a first half fall of just over a fifth—is partly due to the group's continuing switch from softwood and hardwood sales to panel products. Panel products tend to be more reliant on new housebuilding activity, going towards such items as flooring, and the housing cycle has not been strong enough to really boost demand. Although the furniture cycle was stronger, demand for Bambergers panel products, notably down market plywood, was sluggish. In all sales of panel products slipped from around £16.7m to £16m. Imported timber prices were moving against the group for much of the last financial year due to the movement of currencies, but the group has not quantified the level of stock losses. The favourable movement of interest rates for much of the group's financial year, and a reduction in the level of debt from £4.5m to £2.7m and reduced level of stock, mainly in the second half, helped reduce the group's interest charges from £520,000 to £279,000. At 48p the shares stand on a p/e of 7.3 and yield an attractive 10.6 per cent nearly twice covered.

Strong recovery J. Cropper

AN UPSURGE in second half profits completed the recovery in pre-tax profits of James Cropper and Co. and left the figure for the year to April 1, 1978 some £336,000 ahead at a record £380,344.

At midway when an advance from £12,173 to £38,270 was reported the directors of this paper manufacturer said that the modest recovery was in line with expectations and profitability had continued to show further progress in the second half.

They now say that trading conditions in the first quarter of the current year show an improvement over the corresponding period.

The final dividend is 1p net lifting the total payment from 0.75p to 1.5p.

	1977-78 £	1976-77 £
Turnover	9,551,394	8,346,306
Trading profit	489,831	388,718
Sale of houses	47,184	63,266
Interest	155,677	207,807
Pre-tax profit	380,344	44,087
Tax	12,917	5,295
Profit after tax	367,427	39,112
Interim dividend	8,000	4,000
Final	16,000	[illegible]
To reserves	343,427	[illegible]

A. G. Barr makes good headway

PRIMARILY DUE to the returnable bottle market, pre-tax profits of A. G. Barr and Co., soft drinks manufacturer, improved from £219,000 to £495,000 in the six months to April 29, 1978, on turnover of £8.97m, against £7.84m.

Earnings per 25p share are given at 3.74p (1.66p adjusted) and the interim dividend is effectively stepped up from 0.67p to 0.75p net. Last year's equivalent total was 2.154p from profits of £1.18m.

The half-year profit was struck after interest of £2,000 (£50,000). Tax took £259,000 (£114,000). There was an extraordinary debit of £4,000 for the period.

ISSUE NEWS AND COMMENT

Birmingham Counci[l] £50m floating

Birmingham District Council is raising £50m in the biggest local authority floating issue ever made and the period to redemption—seven and a quarter years—is significantly longer than any previous issue.

Morgan Grenfell and Co. is making arrangements in conjunction with Lloyds Bank, the council's principal bankers, for an offer for sale.

Interest on the stock—Birmingham District Council floating rate stock 1983-85—will be payable at a rate of ½ per cent per annum above LIBOR for six-month sterling deposits. It will be paid half yearly in arrears on January 3 and July 3.

The stock will be redeemed at par on October 3, 1985, together with accrued interest in respect of the period from July 3, 1985, to October 3, 1985, at a rate of ½ per cent per annum above LIBOR for three-month sterling deposits.

On giving not less than one month's written notice expiring on any interest payment date on or after July 3, 1983, the council may redeem the whole but not part of the stock at par plus accrued interest.

The first interest period will be from July 3, 1978, to January 3, 1979, and the interest payable for that period will be £5.7500 (less income tax) per £100 of stock. This represents an interest rate of 11.5 per cent per annum.

Morgan Grenfell has subscribed for the full amount of the stock. R. Nivison and Co. are brokers to the issue. Harlow Meyer and Co. have acted as advisers.

The Stock Exchange has admitted the stock to the Official List. Application lists for the stock will open at 10 am on Thursday and will be closed later on the same day. Dealings in the stock are expected to start on Friday. Interest will accrue from July 3.

● comment

Morgan Grenfell has decided to push ahead with the first ever seven-year floating rate local authority stock issue even though dealing commissions are no longer negotiable as they are on five-year issues, and the price will be quoted inclusive of accrued interest. So far the Stock Exchange has not decided to bend the rules. However, this should not jeopardise the success of this issue which will appeal to non-money market operators, at least. Last week's yearling bond rate was 10½ per cent and six-month local authority deposits are currently yielding roughly [the] same. Consequently, the int[erest] rate of 11½ per cent lo[oks] very attractive to the [small] investor who only has to put [up] a minimum of £100 (compa[red] with £1,000 in yearling bon[ds]). Added to which the stock has b[een] issued at a discount which me[ans] that the effective margin o[ver] six-month Libor is around [...] cent compared with the stand[ard] ½ of a percentage point [on] five-year issues.

The real test, however, [will] come in the secondary mar[ket] dealings. At the moment s[mall] investors are unlikely to [be] perturbed by paying commission because the abso[lute] rate is so attractive vis-à-[vis] comparable investments. Howe[ver] larger money market operators [are] likely to be less enthusiastic [and] trading may well take p[lace] outside the Stock Excha[nge]. Meanwhile Birmingham app[ears] to have secured a good deal. [It] is raising finance at a ma[rgin] roughly a quarter of a p[oint] below comparable bank lin[es] and has the added flexibility [of] being able to repay the stock a[fter] five years, if it so wishes.

TRICENTROL

Tricentrol announces that [more] than 97 per cent. of the [...] secured loan stock 1992-97 [has been] converted into ordinary share[s by] June 30, 1978, the last date [for] the exercise of conversion ri[ghts].

Some £52,000 of the stock [re]mains unconverted, and it [is] intended to convert this under [the] provisions of the Trust Deed, [and] notice to this effect will be po[sted] to remaining holders be[fore] July 25.

FAIRVIEW ESTS.

Fairview Estates announces [that] the rights issue of £3.8m 1[...] per cent first mortgage deben[ture] stock 2000-03 at par has b[een] accepted on account of £78[...] of stock (20.61 per cent) [by way of] entitlement and excess app[lica]tion.

The balance of £3,016,807 st[ock] (78.39 per cent) is to be ta[ken] up by the underwriters.

DRINKWATER

W. W. Drinkwater, the [...] gravel and waste disposal [group] has bought H. Sabey and Co. [of] West Drayton, Middlesex, for [...] cash. Sabey's business [is in] very similar lines to that [of] Drinkwater.

هكذا من الكمال

Growth seen for Spillers

[T]HOUGH RESULTS at Spillers [for th]e current year will include [...]m residual loss from bread-[makin]g operations, profits well in [excess] of the 1977-78 level are [expec]ted, Mr. Michael Vernon, [the c]hairman, says in his annual [state]ment.

[The] group has also negotiated [a ne]w banking agreement which [provid]es facilities up to £68.1m [until] September 30, 1979. The [facilit]y includes the $20m received [subse]quent to the January 28, [1978] year end to finance the [acqui]sition of Modern Maids [Food] Products of the U.S. At [balan]ce date aggregate bank [loans] were £42.27m.

[Mr.] Vernon says that the drain [on pr]ofits and the pressure on top [mana]gement time caused by the [bread]-baking business in recent [years] was enormous, and says [that] with a secure profit base the [group] is now far better placed [to t]ake advantage of oppor-[tunit]ies in its other markets.

[Th]e current year will also [inclu]de for the first time profits [from] Modern Maid. This company [is co]mpleting an expansion pro-[gram]me and will give Spillers a [firm] base from which to grow [in N]orth America.

[In] its UK-based businesses it [has b]egun the year satisfactorily [with] its milling group benefiting [from] some preference of indepen-[dent] bakers to purchase from a [mille]r who is not also a baker.

[Th]e agriculture and meat [grou]ps have shown some recovery [from] the disappointing profit [level]s of last year and the [ingre]dients and restaurant opera-[tions] are showing better profits.

[As] previously reported, pre-tax [profi]t for the January 28, 1978 [year] fell from £16m to £8.49m [with] the bread operations con-[tribu]ting a £9.4m trading loss. [Extr]aordinary losses, including [£1]7m for the withdrawal from [brea]d baking, were £23.02m [(...]m).

[Mr]. Vernon says that the flour [supp]ly contracts with Associated [Briti]sh Foods and Ranks Hovis [McD]ougall which followed from [the] sale of 13 bakeries to the duo [in A]pril, coupled with its substan-[tial] trade with independent [bake]rs, enables the company to [look] ahead with confidence.

[O]n the agriculture side the [mo]dels of mills in London, [Card]iff and Four Crosses have pro-[vide]d encouraging signs of increasing sales and improved profits in recent months. The egg joint venture has made a good start to the year.

On the meat side considerable rationalisation of unprofitable or low profit activities took place last year and this policy will be pursued this year.

With its export operations a rationalisation programme is underway and a more concentrated approach to exporting is expected to help the group develop a larger and more profitable business.

With restaurants, a vigorous marketing policy has been adopted to capitalise on the trading pattern established in its existing restaurants, and new sites are constantly being researched, Mr. Vernon says.

The accounts have been qualified by Deloitte Haskins and Sells, the auditors, following the inclusion of net tangible assets of £7.1m. for Rhodesian subsidiaries and a £0.68m profit from this source in the profit and loss account.

Meeting, 9 Little Trinity Lane, EC, July 26 at noon.

See Lex

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purposes of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims—Bath and Portland, Lincroft Kilgour, Winterbottom Trust.

Finals—George Bassett, Bristol Evening Post, G. H. Downing, Eucalyptus Pulp Mills, Frank G. Gates, Hampton Gold Mining Areas, Rexmore, Tex Abrasives.

FUTURE DATES

Interims—	
Countryside Properties	July 12
Derby Trust	July 20
Lowe (Robert H.)	July 21
Wearra	July 10
Finals—	
British Dredging	July 10
Burtonwood Brewery	July 6
C. H. Industrials	July 13
Celestion Industries	July 6
Christy Brothers	July 7
Colmore Investments	July 5
Commercial Bank of Australia	July 27
Lennons	July 7
Marling Industries	July 11
Moorgate Investment	July 11
Norton (W. E.)	July 12
Oil and Associated Investment Tst.	July 19
Smith (David S.)	July 6
Technology Investment Trust	July 5
Toothill (R. W.)	July 7
Warner Holidays	July 7
Wilkins and Mitchell	July 6
Wyndham Engineering	July 19

Reed determined to tackle remaining problems

MAJOR PROBLEMS remain at Reed International and the directors still have a lot to do but at least they are clear as to how it should be done Mr. Alex Jarratt, the chairman, says in his annual statement.

He says that the March 31, 1978 year was eventful and difficult but was also a year when many group companies turned in record results and when progress was made in tackling its most difficult problems. The group emerged operationally stronger than when it entered the year.

As already reported pre-tax profit rose from £74.6m to £81m, but after extraordinary losses, tax and dividends a £25.9m loss (£5.2m profit) was transferred to reserves.

Mr. Jarratt points out that the company's proportion of debt to equity remains too high, as in consequence is its interest charge. The return from a number of operations is still too low and Canada's poor performance has a disproportionate effect on attributable earnings because of Reed's inability to offset these losses for tax purposes.

But there should be no doubt about the board's determination in tackling the problems, nor in the determination to restrain and then reduce the company's debts while ensuring sufficient resources are available to maintain and improve the profitability of its mainstream activities.

He says much has been done in Canada since the new management took over a year ago. Central costs have been slashed, capital spending pruned and a number of loss making businesses sold or closed.

The corner has now been turned and the rate of loss is declining rapidly and management is committed to re-establishing the profitability of the company's continuing activities.

He says there has been considerable speculation about Reed's intentions regarding its future operations in Canada and South Africa. He says it is enough to say that the policy of maintaining mainstream businesses and concentrating resources in the areas where it has proven skills, good markets and an improving track record will be applied rigorously in the two countries.

Two other areas of difficulty are wallcoverings and tiles. Vigorous action has been taken with wallcoverings and the benefits of reduced costs and improved margins are now beginning to emerge.

With tiles, low cost imports from Spain and Italy have had a disruptive effect. A Belgian factory has been closed and management is concentrating on an enlarged, lower cost and highly automated plant in Holland.

After the sharp downturn in attributable profit last year the overall dividend was cut from 13p to 8p net per £1 share, and this rate will continue this year with a 3p interim planned.

Mr. Jarratt says that when it came to consider the final and future dividend policy the Board's main doubt was the speed at which it could expect resolution of the problem areas in an uncertain economic climate.

While reasonable trading is in prospect for the UK this year it could prove short-lived if there is a re-emergence of inflation and a deterioration of the balance of payments.

There is little sign of revival in other major markets, or confidence in the ability of governments to produce a concerted lift-off.

Against this background the timing of further divestments—which raised some £39m last year—has to be carefully judged to bring the maximum obtainable benefit.

"Equally it would be unreasonable to expect Reed International's many profitable operations to trade the company out of the rest of its problems in a short time scale," he says.

During the year just ended capital spending was cut £11.4m to £58.1m and for the current year contracted and authorised spending is shown at £38.7m against £56m a year before.

The group's working capital to sales ratio declined from 24 per cent to 20 per cent in the year with stocks cut from £300m to £266m. There was an overall decrease of £20.6m (£56.7m increase) in working capital in the year and a £28.2m (£18.7m) increase in net liquid funds.

At balance date net current assets were £289.8m (£291.8m) and directors say that at year end the group had cash and unused short term facilities in excess of £170m.

They consider that the value of land and buildings is in excess of the book value and say that for current cost accounting the valuation showed a £109m surplus over the book value of £130m. The valuation was derived 70 per cent from independent valuations.

A current cost statement shows the pre-tax figure cut to £52m (£40m) by additional depreciation of £35m (£26m) and cost of sales of £11m (£32m) offset by a £19m (£25m) gearing adjustment. The retained loss came through at £34m (£6m).

At year end the balance sheet total was £839m (£915.9m).

Meeting, Savoy Place, WC, August 3 at noon.

See Lex

Increase in capital spending at Beecham

AUTHORISED AND committed capital expenditure at Beecham Group for the current year is up from £39.8m to £58.2m and among expansion plans is a £41m modernisation, re-organisation and expansion programme for its Irvine, Worthing and Crawley pharmaceutical plants.

Part of this includes a chemical plant at its Irvine factory where £10m was spent last year on a new fermentation and side-chain plant, it is shown in the review with accounts.

Exepnditure of £28m has already been authorised for the UK pharmaceutical factories and addintional plans have been approved to increase the capacity of the Singapore and U.S. pharmaceutical factories.

Beecham products is also continuing to modernise and increase the capacity of its food and drink production and distribution facilities in the UK. Following the acquisition of the Calgon consumer products business, manufacturing and research facilities in the U.S. are also being expanded.

The Calgon acquisition was turned from a loss making to a profitable position in the year, and it had the effect of trebling sales of the U.S. proprietaries division.

As previously reported pre-tax profit in the March 31, 1978 year climbed from £126.8m to £142.8m.

In the year the European pharmoceutical side strengthened its market position, while the group had a successful year in Japan. African, Caribbean and Middle East markets progressed.

In the research division the initial clinical trials of clavulanic acid—which increases the therapeutic range of semi-synthetic penicillins and some other antibiotics—continued to bear out the company's hopes.

In the U.K. the antibiotics market was static for most of the year, while the UK and European veterinary businesses maintained their growth.

U.S. sales growth of prescription medicines and animal health products continued. In Europe the cosmetics and proprietaries divisions progressed.

At balance date, net current assets were £226.2m (£200.2m) and fixed assets £184.5m (£147.5m).

Meeting, Royal Garden Hotel, W., July 26 at noon.

Marshalls (Halifax) improves

WITH turnover ahead from £18.57m to £22.59m Marshalls (Halifax), concrete product manufacturer, quarry owner and specialised engineer, announces pre-tax profits up from £1.85m to £2.16m for the year to March 31, 1978.

At midway when reporting an advance from £1m to £1.07m Mr. David Marshall, chairman, said he expected full year profits to compare advantageously with the previous year.

ED 19 has been applied to the results and comparative figures have been adjusted.

Earnings per 25p share are shown to have risen from 24.47p to 34.51p and the dividend total is raised from 5.228p to 5.84p with a final payment of 4.85p net. Dividends cost £351,000 (£300,000) after waivers.

Mr. Marshall reports that some £2m was invested during the year. This pattern will be continued during the current year and in the years to come.

Turnover for the current year is markedly higher than for the same period last year. On the other hand there are many problems and eventualities which lie outside the company's control and which could affect the ultimate result.

However, all the companies are in a healthy state with an adequate amount of business available, and each company is well able to improve its profits and take advantage of those opportunities which are available.

Limited rise in demand seen at Sheepbridge

Lord Aberconway, the chairman of Sheepbridge Engineering says in his annual statement that in the short term there should be a limited improvement in demand as diesel engine makers complete the necessary adjustments to their stockholders in line with their lower activities.

This is with the exception of the important agricultural engine components side which seems likely to remain at a low ebb for some time, he says. In the long term business should grow for diesel engine pistons and liners.

Elsewhere, group companies dealing with other products have good order books.

As previously reported taxable profit in the March 31, 1978 year advanced from £5.28m to £5.56m. A current cost statement shows the profit reduced to £3.39m by a £1.26m cost of sales adjustment and additional depreciation of £1.04m, offset by a £0.15m gearing adjustment.

Meeting, Grosvenor House, W., July 27 at 12.30 p.m.

THF spending £24.5m on improvements

Trust House Forte is to spend £24.5m on hotel improvements in the current year. This will include additional private bathrooms in three-star grade hotels and the improvement of all facilities in its four-star hotels.

Major individual schemes are being undertaken at a number of hotels both in London and in the provinces. These include the Waldorf where £1.4m has been allocated to redesigning and refurnishing all the hotel's 310 bedrooms and 16 suits and some of the public rooms, and the Hyde Park, where £900,000 is being spent on continuing a programme of up-grading the hotel.

The Council of The Stock Exchange has admitted to the Official List the whole of the £50,000,000 Birmingham District Council Floating Rate Stock 1983/85 ("the Stock") now being offered for sale.

The application list will open at 10 a.m. on 6th July, 1978 and will be closed later on the same day.

CITY OF BIRMINGHAM
Offer for Sale
by
Morgan Grenfell & Co. Limited
in conjunction with Lloyds Bank Limited, principal bankers to the Council,

of

£50,000,000 Birmingham District Council Floating Rate Stock 1983/85 at £99.40 per cent.
payable in full on application

Interest (less income tax) will be payable half-yearly on 3rd January and 3rd July in each of the years 1979 to 1985 and on 3rd October, 1985 in respect of the period from 3rd July, 1985 to 3rd October, 1985. Interest amounting to £5.7500 (less income tax) per £100 Stock in respect of the period from 3rd July, 1978 to 3rd January, 1979 will be paid on 3rd January, 1979.

The Stock is an investment falling within Part II of the first schedule to the Trustee Investments Act 1961 and is expected to be an investment falling within Part II of the schedule to The Building Societies (Authorised Investments) (No. 2) Order 1977 from 7th July, 1978.

THE STOCK. — The Stock was authorised by a Resolution of the Birmingham District Council ("the Council") dated 4th October, 1977 and was issued under the authority of the Local Government Act 1972 and the Local Authority (Stocks and Bonds) Regulations 1974 in accordance with a General Consent given by the Treasury under the Control of Borrowing Order 1958.

The Stock was subscribed in full by Morgan Grenfell & Co. Limited ("Morgan Grenfell") under the provisions of an Agreement dated 3rd July, 1978, details of which are set out below.

1. REDEMPTION. — The Stock will be redeemed at par, together with accrued interest, on 3rd October, 1985.

On giving not less than one month's written notice expiring on any Interest Payment Date (as defined in paragraph 2 (a) below) on or after 3rd July, 1983, the Council may redeem the whole but not part of the Stock at par plus accrued interest.

The Council is entitled at any time to purchase the Stock in the open market or otherwise at any price. Stock so purchased will be forthwith cancelled and will not be available for re-issue.

2. INTEREST. — (a) Interest (less income tax) on the Stock will be payable by half-yearly instalments in arrear on 3rd January and 3rd July of each of the years 1979 to 1985 inclusive ("Interest Payment Dates") at the rate per annum calculated as provided in 2(b) and 2(c) below and on 3rd October, 1985 as provided in 2(d) below.

(b) The first payment of interest in respect of the period from 3rd July, 1978 to 3rd January, 1979 will be made on 3rd January, 1979 and will amount to £5.7500 (less income tax) per £100 Stock, being one half (rounded upward to the nearest 0.0001 per cent.) of the rate per annum determined by Morgan Grenfell (acting as an expert and not as agent for the Council or the Stockholders) to be equal to ¾ per cent. per annum above the average of the rates per annum at which Morgan Grenfell was advised by Lloyds Associated Banking Company Limited and National Westminster Bank Limited ("the Reference Banks") that sterling deposits of a marketable amount were offered to them for a period of six months in the London inter-bank market on or about 11 a.m. on 3rd July, 1978.

(c) The rate of interest payable ("Interest Rate") on each Interest Payment Date from 3rd July, 1979 to 3rd July, 1985 inclusive in respect of the immediately preceding period of six months ("Interest Period") will be the rate per annum determined by Morgan Grenfell (acting as an expert and not as agent for the Council or the Stockholders) to be equal to ¾ per cent. per annum above the average (rounded upward where necessary to the nearest 0.0001 per cent.) of the rates per annum at which Morgan Grenfell is advised by the Reference Banks that sterling deposits of a marketable amount are offered to them for a period of six months in the London inter-bank market on or about 11 a.m. on the business day immediately preceding the commencement of such Interest Period.

(d) The rate of interest payable on 3rd October, 1985 ("Final Interest Rate") in respect of the immediately preceding period of three months will be the rate per annum determined by Morgan Grenfell (acting as an expert and not as agent for the Council or the Stockholders) to be equal to ¾ per cent. per annum above the average (rounded upward if necessary to the nearest 0.0001 per cent.) of the rates per annum at which Morgan Grenfell is advised by the Reference Banks that sterling deposits of a marketable amount are offered to them for a period of three months in the London inter-bank market on or about 11 a.m. on the business day immediately preceding the commencement of such period.

(e) If either of the Reference Banks shall fail on request to advise the London inter-bank market rates referred to in paragraphs 2(c) and 2(d) above to Morgan Grenfell on the relevant day, the Interest Rate or the Final Interest Rate (as the case may be) shall be determined by reference to the London inter-bank market rate advised by the other Reference Bank. If both of the Reference Banks shall so fail, the Interest Rate or the Final Interest Rate (as the case may be) shall be that determined as being fair and reasonable by Morgan Grenfell (acting as an expert and not as agent for the Council or the Stockholders).

(f) The Council will use its best endeavours to ensure that there will at all times be two Reference Banks. With the agreement of Morgan Grenfell, the Council may appoint any lending bank in the City of London as a substitute Reference Bank.

(g) A certificate of Morgan Grenfell as to the rate of interest payable in respect of any of the periods referred to in paragraphs 2(b), 2(c) or 2(d) above shall be conclusive and binding on the Council and the Stockholders. Each determination of such rate of interest other than in respect of the period referred to in paragraph 2(b) above shall be certified to the Council and to The Stock Exchange not later than 9 a.m. on the first business day of the relevant Interest Period and the Council will cause such rate to be published in at least two leading daily newspapers not later than the second business day of such Interest Period.

3. SECURITY. — The Stock and interest thereon will be secured upon all the rates and revenues of the Council. The present issue of stock will rank pari passu with all issues of Birmingham District Council stock created or to be created and all mortgages and bonds granted or to be granted together with Birmingham Corporation stock created and all mortgages and bonds granted since the passing of the Birmingham Corporation (Stock) Act, 1900, but by virtue of the provisions of that Act it will be subject to the prior charge of annuities, mortgages and stock existing at the passing of the Act; the amounts of these securities now outstanding are:—Annuities £7,503—stock £6,975,462.

4. PURPOSE OF ISSUE. — The proceeds of the present issue of stock will be paid into the consolidated loans fund established under the Consolidated Loans Fund (Birmingham) Scheme, 1974, and applied (a) in the exercise of the statutory borrowing powers of the Council for capital purposes, (b) in replacing moneys borrowed temporarily pending the raising of longer term loans, and (c) in redeeming, repaying or purchasing for extinction any authorised security of the Council.

5. PROVISION FOR REPAYMENT OF LOANS. — The Council is required by the Local Government Act 1972 and regulations made thereunder, and by the Consolidated Loans Fund (Birmingham) Scheme, 1974, to make annual provision towards repayment of loans raised for capital expenditure and to make such returns in this connection as may be required by the Secretary of State for the Environment.

6. REGISTRATION. — The Stock will be registered and transferable free of charge in multiples of £1 by instrument in writing in accordance with the Stock Transfer Act 1963. The Register of the Stock will be kept at Lloyds Bank Limited, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.

In respect of transfers lodged by hand before noon, Stock Certificates in the name of the transferee(s) will be available for collection by 2 p.m. on the same day. Certificates in respect of transfers lodged by post will be sent by ordinary post at the risk of the Stockholder(s) to the (first named) registered holder at his registered address unless instructions to the contrary are given in writing.

7. PAYMENTS. — Payments of principal and interest will be made by cheque, drawn on a Town Clearing branch of a Bank in the City of London, which will be sent by post to the Stockholder at his registered address and at his risk. In the case of joint holders, the cheque will be sent to the first named unless instructions to the contrary are given in writing. Payments of principal will be made against surrender of the relative Stock Certificate(s).

AGREEMENT WITH MORGAN GRENFELL & CO. LIMITED. — On 3rd July, 1978 the Council entered into an Agreement with Morgan Grenfell under the terms of which Morgan Grenfell agreed inter alia to subscribe for the whole of the Stock at a price of £98.40 per cent. and to bear the expenses of this Offer for Sale. Copies of this Agreement are available for inspection during usual business hours up to and including 7th July, 1978 at the offices of Morgan Grenfell, New Issue Department, 4 Throgmorton Avenue, London, E.C.2, and at The Council House, Birmingham.

BROKERS TO THE ISSUE. — R. Nivison & Co., members of The Stock Exchange, are the brokers to the issue.

FINANCIAL ADVISERS. — Harlow, Meyer & Co. advised the Council in relation to the issue.

STATISTICS RELATING TO THE CITY OF BIRMINGHAM. — The following information has been supplied to Morgan Grenfell by the Council:—

Population in June, 1977 (Registrar General's estimate)	1,050,600
Rateable Value—1st April, 1978	£155,887,000
Product of a Rate of 1p in £—1978-79 (estimated):	
excluding resources element of the Rate Support Grant	£1,484,000
including resources element of the Rate Support Grant	£1,801,000
Rates in £—1978-79:	
City Council purposes	56p
West Midlands County Council purposes	24p
Net Loan Debt at 31st March, 1978:	
City Council Services	£760,446,000
Transferred Services	£76,125,000
	£836,571,000

PROCEDURE FOR APPLICATION. Applications must be made on the Application Forms provided, must be accompanied by a cheque or Banker's draft for the full amount payable and must be sent to Lloyds Bank Limited, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU and should arrive not later than 10 a.m. on Thursday, 6th July, 1978.

Applications must be for a minimum of £100 of Stock and must be in multiples of *£100 of Stock up to £1,000 of Stock, in multiples of £500 of Stock up to £5,000 of Stock,* in multiples of £1,000 of Stock up to £10,000 of Stock and thereafter in multiples of £5,000 of Stock.

A separate cheque made payable to "Lloyds Bank Limited" and crossed "Birmingham Loan" representing payment in full at the offer price and drawn on a bank or branch thereof in England, Scotland or Wales, must accompany each application. No application will be considered unless these conditions are fulfilled. Payments of £5,000 or more should be made by Bankers draft or by cheque drawn on a Town Clearing branch of a Bank in the City of London. In this connection, attention is drawn to the provision stated below regarding the return of surplus application moneys.

Morgan Grenfell reserves the right to instruct Lloyds Bank Limited (1) to present all cheques for payment and to retain the definitive Stock Certificate and surplus application moneys pending clearance of applicants' cheques and (2) to reject any application or to accept any application in part only. If any application is not accepted, the amount paid on application will be returned by post at the applicant's risk and, if any application is accepted for a smaller amount of Stock than that applied for, the balance of the amount paid on application will be so returned.

Morgan Grenfell also reserves the right to instruct Lloyds Bank Limited to return surplus application moneys by means of a cheque drawn on a country branch of Lloyds Bank Limited to any applicant whose application was not supported by a Banker's draft or by a cheque drawn on a Town Clearing branch of a Bank in the City of London.

Each applicant to whom an allocation is made will be sent a definitive Stock Certificate. It is expected that such certificates will be posted on 6th July, 1978 and that dealings in the Stock will begin on 7th July, 1978.

3rd July, 1978.

Copies of the Offer for Sale and Application Forms can be obtained from the addresses set out below:—

THE PRINCIPAL CHIEF OFFICER AND CITY TREASURER, P.O. Box 50, Council House, Birmingham B3 3AB.
MORGAN GRENFELL & CO. LIMITED, New Issue Department, P.O. Box 23, 4 Throgmorton Avenue, London EC2P 2NB.
LLOYDS BANK LIMITED, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU.
R. NIVISON & CO., 25 Austin Friars, London EC2N 2JB and The Stock Exchange.
LLOYDS BANK LIMITED, P.O. Box 44, 125 Colmore Row, Birmingham B3 3AD.

CITY OF BIRMINGHAM
Offer for Sale
by
MORGAN GRENFELL & CO. LIMITED
of
£50,000,000 BIRMINGHAM DISTRICT COUNCIL *FLOATING RATE STOCK 1983/85* AT £99.40 PER CENT., PAYABLE IN FULL ON APPLICATION

Application Form

The completed form, together with payment in full, should be lodged with Lloyds Bank Limited, Registrar's Department, Issue Section, 111 Old Broad Street, London EC2N 1AU not later than 10 a.m. on Thursday, 6th July, 1978. Postal applications should be made by first class mail.

Nominal amount of Stock for which application is made	Amount enclosed at £99.40 per cent.
£	£

Applications must be for a minimum of £100 of Stock and must be in multiples of *£100 of Stock up to £1,000 of Stock, in multiples of £500 of Stock up to £5,000 of Stock,* in multiples of £1,000 of Stock up to £10,000 of Stock and thereafter in multiples of £5,000 of Stock. The right is reserved by Morgan Grenfell & Co. Limited to instruct Lloyds Bank Limited (i) to present all cheques for payment and to retain the definitive Stock Certificate and surplus application moneys pending clearance of the respective applicants' cheques and (ii) to reject any application or to accept any application in part only.

To Morgan Grenfell & Co. Limited.

Gentlemen,

I/We enclose a cheque/Banker's draft for the above-mentioned sum, being the amount payable in full at £99.40 per cent. on application for the above-mentioned nominal amount of Birmingham District Council Floating Rate Stock 1983/85 ("the Stock"). I/We offer to purchase that amount of Stock upon the terms of your Offer for Sale dated 3rd July, 1978 and I/we hereby undertake and agree to accept the same or any lesser amount in respect of which this application may be accepted. I/We hereby authorise you to send a definitive Stock Certificate in respect thereof and/or a cheque for any moneys returnable to me/us by ordinary post at my/our risk to the address first given below and to procure my/our name(s) to be placed on the Register as holder(s) of the nominal amount of Stock allocated to me/us.

I/We confirm that due completion and delivery of this Application Form accompanied by a cheque will constitute an undertaking and representation that the cheque will be honoured on first presentation.

IMPORTANT. — To comply with the provisions of the Exchange Control Act, 1947, the Applicant(s) must make the Declaration contained in the following paragraph, or, if unable to do so, must delete such paragraph and arrange for this Application to be lodged through an Authorised Depositary* or an Approved Agent in the Republic of Ireland*. No application can be considered unless this condition is fulfilled.

I/We declare that I/we am/are not resident outside the Scheduled Territories* and am/are not applying for the Stock as the nominee(s) of any person(s) resident outside those Territories.

Dated July .... 1978 *Signature* .... (1)

Please use BLOCK LETTERS

First Name(s) (in full)

Surname and Designation (Mr., Mrs., Miss or Title)

Address (in full including postal code)

(In the case of joint applications, further applicants must sign and complete below)

Signature .... (2)

First Name(s) (in full)

Surname and Designation (Mr., Mrs., Miss or Title)

Address (in full)

Please BLOCK LETTERS

Signature .... (3)

First Name(s) (in full)

Surname and Designation (Mr., Mrs., Miss or Title)

Address (in full)

Please pin cheque here

INSTRUCTIONS

1. In the case of joint applications, all must sign and, in the case of a corporation, this form must be completed under hand by a duly authorised officer who should state his designation.
2. The cheque should be made payable to "Lloyds Bank Limited" and crossed "Birmingham Loan".
3. Please pin the cheque to this form. Staples should not be used.
4. A separate cheque, which must be drawn on a bank or branch thereof in England, Scotland or Wales, must accompany each application. Payments of £5,000 or more should be made by Banker's draft or by cheque drawn on a Town Clearing branch of a Bank in the City of London. In this connection, attention is drawn to the provisions of paragraph 5 below regarding the return of surplus application moneys.
5. No receipt will be issued for the amount paid but an acknowledgement will be forwarded through the post at the risk of the applicant(s) either by a definitive Stock Certificate (together with, if applicable, a cheque for any amount overpaid) or by return of the application moneys. The right is reserved to return surplus application moneys by means of a cheque drawn on a country branch of Lloyds Bank Limited to any applicant whose application was not supported by a Banker's draft or by a cheque drawn on a Town Clearing branch of a Bank in the City of London.

*EXCHANGE CONTROL ACT 1947

Authorised Depositaries are listed in the current issue of the Bank of England's Notice EC 1 and include most Banks and Stockbrokers in, and Solicitors practising in, the United Kingdom, the Channel Islands or the Isle of Man.

An Approved Agent in the Republic of Ireland is defined in the current issue of the Bank of England's Notice EC 10.

The Scheduled Territories at present comprise the United Kingdom, the Channel Islands, the Isle of Man, the Republic of Ireland and Gibraltar.

Associated Newspapers improves by £3.46m

WITH THE second half producing £8.2m, profits of Associated Newspapers Group for the year ended March 31, 1978, have expanded from £12m to £15.46m. Earnings from trading were £3.22m ahead at £11.16m.

The company, which is controlled by the Daily Mail and General Trust, owns the Daily Mail and London Evening News, runs a chain of provincial newspapers, and has a large stake in Southern Television and has interests in North Sea exploration.

Earnings for 1977-78 are shown at 23.9p per 25p share, against 18.9p. The final dividend is 3.959p to make 5.775p net for the year, compared with 5.207p which included 0.036p following the reduction of tax.

	1978 £000	1977 £000
Trading surplus	11.163	7.942
Associates	1.801	1.777
Investment income	2.497	2.294
Profit before tax	15.461	12.013
Taxation	7.990	6.161
Net earnings	7.471	5.852
Extraordinary debits	1.117	†645
Minorities	213	108
Attributable	6.141	6.389
Dividends	1.766	1.566
Retained	4.375	4.823

† Credit.

See Lex

Pitman looks for expansion

Mr. Hugh de Beauchamp Lawson Johnston, the chairman of Pitman, tells shareholders that he sees no present reason why it should not continue to prosper, and indeed to expand. In this connection he says that directors are evaluating several possibilities which are hoped to lead, in due course, to further development of the group.

As reported on July 1 pre-tax profits for the March 31, 1978, year advanced to £1.57m (£1.22m) and dividends of this close company absorb £152,000 (£131,000). Working capital increased by £0.46m against £1.49m.

A. Monk profit cut by deficit

PROFITS of A. Monk and Company, civil engineering and building contractor group, were cut by an exceptional debit of £1.71m in the March 31, 1978 year, against a £0.7m credit last time and at the pre-tax level, profits finished at £2.73m compared with £2.28m on turnover up £8m to £71m.

At the interim stage directors reported profit of £0.97m (£0.52m).

They now say that at the present time, order books stand considerably higher than at the same stage last year, and they are confident that profits for the 1978/79 year will exceed the pre-tax and exceptional item profit of £4.44m, on a maintained turnover.

Profits included investment income and interest £0.46m (£0.55m) and were subject to tax of £1.43m (£1.3m). Minorities took £108,000 (£57,000).

Earnings per 25p share are shown as 10.9p (8.5p) and the dividend is lifted to 3.5085p (3.17674p adjusted), the maximum allowed as forecast, with a final payment of 2.5085p. Directors say that as soon as future dividend restraint legislation is clarified, they will re-examine their dividend policy with a view to substantially increasing the level.

Certain long-standing substantial claims made against the company were settled during the year. Adequate provision was made in previous years to meet the possible liability arising from these claims and it has now been possible to bring to profit the portion of these provisions no longer required.

Additionally, in accordance with the company's conservative accounting policies, it was decided to provide fully against all amounts due, to the company, for amounts expended on behalf of the Nigerian subsidiary, including expenditure incurred after the balance-sheet date.

The company has guaranteed the bank borrowings of the Nigerian subsidiary in the sum of Naira3m (£2,537,000) plus interest. The overdraft at February 28, 1978, was Naira4.19m (£3,540,000).

After allowing for the effect of the provision made for the inter-company account in the parent company, directors are of the opinion that no further material provision is required.

Auditors, while themselves unable to express an opinion on this, have accepted the directors' opinion.

ROBERTS ADLARD

The directors of Roberts Adlard state that the dividend paid yesterday has been calculated at 2.458p per share instead of 2.7285p as stated in tax vouchers.

A further warrant and tax voucher will be dispatched in a few days for the balance due.

Henderson Kenton recovers in second half

FOLLOWING a downturn at halfway from £489,000 to £252,000 Henderson-Kenton, the retail furnishing group, recovered in the second half with taxable profits of £1.17m, compared with £917,000 and finished the March 31, 1978 year ahead at a record £1.43m against £1.41m for the previous 53 weeks.

And the result included an exceptional credit of £102,000 this time but was after a more than doubled transfer to unrealised profits reserve of £681,000 (£300,000). Turnover rose from £20.07m to £22.5m.

At the interim stage the directors said that the full year's profit was likely to be appreciably lower than for 1976-77. On the year's results they say that volume increases experienced in the latter half, especially in the March quarter, continue into the June quarter of the current year, showing significant gains over the corresponding period, last year. They add that there appears to be a pent-up demand for the group's merchandise and, if this continues, they anticipate "a good 1978-79."

After tax of £585,000 (£363,000) earnings per 20p share, excluding exceptional items, are shown as 12p (16.8p), and 10.3p (10.9p) using a 52 per cent. tax charge. The gross dividend is lifted to 3.68515p (3.35046p) with a final payment of 2.17p. Also proposed is a scrip issue on the basis of one £1 10 per cent Preference share for every five ordinary shares.

The preference dividend will be paid in advance, the first payment being 5.9863p net per £1 share on September 1, 1978.

The group's balance sheet at March 31 shows fixed assets at £3.89m (£3.83m), net current assets £8.38m (£4.17m) and shareholders equity at £4.98m, against £4.25m.

● comment

Thanks to a strong recovery in the latter months, Henderson-Kenton has offset the 48 per cent profits shortfall in the first six months to turn in a marginally higher result for the year. The shares jumped 8p to a year's high of 90p. While the increase in consumer spending has lifted UK furniture sales by around 16 per cent during the first quarter of 1978, Henderson's advance was almost a third—reflecting a volume gain of approximately 20 per cent—and this helped boost second half margins by a point to 9 per cent. The big question now is how long will the mini-boom last? The furniture trade is usually considered to be at the sharp end of any industrial cycle, so much will depend on the state of the economy. The company sells in the quality end of the market and says there is a distinct trend towards trading up, especially in Scotland—and this is where Henderson is strongest. The Canadian venture failed to get off the ground so the company remains dependent on the home market where four new shops are planned this year, bringing the total to 73. The shares are on a p/e of 7.4 (low tax charge) while the yield is 6.3 per cent.

EIO reduces underwriting deficit

AN underwriting loss of £160,000 is reported by the Ecclesiastical Insurance Office for the year ended February 28, 1978, compared with a loss of £210,000 in the previous 12 months. Premium income rose by 14 per cent. to £7.7m while claims paid increased by 27 per cent to £5.2m. However, commission and expenses were reduced by £200,000 to £2.1m and the provision for unearned premiums was only slightly higher at £542,000.

Investment income exceeded £1m for the first time, rising by 16 per cent, and realised investment profits were £100,000 higher at £342,000. The company increased its charitable grants to £250,000 from £230,000 and the pre-tax profit was more than doubled at £407,000.

Mr. Allan Grant, in his chairman's statement, points out that new business increased considerably during the year, the general programme of diversification continued to flourish both in volume and profitability. On the church insurance side, the problems of under-insurance leading to inadequate protection remained unsolved. Business in Canada, after five years of continuous effort, had reached the point of producing reasonable underwriting results.

During the year, the life fund increased by over £2m to higher at £940,000 and invest with premium income 7 per income up by 21 per ce £891,000. Record bonus levels been declared for the three ending in the current (already reported).

The company last week fresh capital amounting to £3m net from a placing of re able preference shares owned by Allchurches Trus this new capital does not c the ownership.

Alexander Discount disappoint

THE DIRECTORS of Alex Discount Company state tha to the rise in interest trading has been unprofitabl that results for the six mon June 30, 1978, "have ther been disappointing." And compare unfavourably wit same period last year.

Profit for the whole of 197 £2.14m (£0.26m), after pro for rebate, tax and maki transfer to contingency res and was the highest in the pany's history.

The interim dividenc unchanged at 4.5p net p share—last year's final was 9

● comment

Given the sharp rise in in rates and the depressed st the gilt-edged market, Alexa Discount's terse interim stat that trading had been "un able" in the six months to June is no great surprise. A start of the year MLR stooc per cent, dropped to 6½ per and then lurched back up per cent—an increase of ov per cent. Meanwhile, the Government Securities started the year at 78.09 (l point from its 1978 high) ended the six months at 69.5 cent. Compared with equ which drifted 5 per cent over the period, the FT Go ment Securities index is som per cent down, and even th Alexanders did not have a l exposure in gilts it could escape the impact of the ri rates on its other fixed rate p With luck, the second six m should not be as bad as the six, but it all depends on happens to interest rates. At the shares yield just over cent and the company statec January that it is its polic "endeavour to maintain grow the dividend distribution ove years, notwithstanding the un nature of profits from one ye another."

CRANE FRUEHAU

The Board of Crane Frue is to propose the early repay at par of the outstanding £2 7 per cent debenture 1986-91.

Better working capital situation at Lyons

THE WORKING capital situation at J. Lyons and Co. is currently more comfortable than it has been for some time.

Mr. N. L. Salmon, chairman, says that with the sales, previously announced of the Tower Hotel and of the Alpha Hotel in Amsterdam, the disposal of the company's hotel interests is virtually complete and the funds realised, together with those from the sale of tea estates in Malawi, have made a helpful contribution towards the reduction by £21m of overall indebtedness.

Furthermore liabilities and assets in each major overseas currency are now much more in balance, and in total, the value of overseas assets now exceeds foreign currency debt by some £30m.

Considerable variations in the purchase prices of tea and coffee during the year under review gave rise to wide fluctuations in the use of working capital.

The situation has now stabilised following reductions in the prices of these commodities and the group continues to have access to facilities which will be sufficient to meet foreseeable price variations.

These include bank overdraft facilities, credit facilities including arrangements for the acceleration of amounts receivable and arrangements relating to stock held by and financed by merchants. The group has entered into forward contracts to purchase such stock when it is required for processing.

On January 16, 1978 the interest of the company's subsidiary Société Nouvelle des Etablissements Raybier in Société Nouvelle des Etablissements Reynier was reduced to 20 per cent following the disposal of a further 40,000 shares.

In May a decision was made to discontinue Raybier's loss-making fresh meat activity. Accordingly the directors have written down the goodwill of Raybier to reflect this decision. The net cost of such closures will not adversely affect results for the current year and the directors are satisfied that the remaining value of goodwill properly reflects the potential of this business.

This is the subject of an auditors qualification. The goodwill is included in the balance sheet at £8,905,000 after writing off £2m. The auditors say they are unable to satisfy themselves that the value of the goodwill of the remaining business is properly stated, because such a value is dependent upon the success of the current reorganisation plans.

Since the year end Industrie Riumite del Panforte di Siena has negotiated the sale of the Park Hotel, Siena, Italy.

On March 23, 1978 the U.S. subsidiary DCA Foods Industries acquired the assets of GL Baking Company and Price-Wilholte Company.

Following the successful appeal by Reynier the French tax authorities withdrew their assessment against Reynier of a tax liability of FFr 19.3m.

As reported on June 23, pre-tax profits for the year to March 31, 1978 fell from £9.98m to £6.23m and the final dividend payment was passed leaving the total at 2.068p compared with 7.572p net.

Mr. Salmon repeats in his statement that if the results for the current year are as present trends indicate, the directors would intend to restore the dividend to at least the level of 1976-77.

He later made it clear that the dividend rate "must depend on the results achieved, not prophesied. We must wait for the interim results before saying more about dividends."

He was now "cautiously optimistic" about the current year. Tetley was "back on track" and J. L. Catering was making more profit than Lyons ever did with its original tea shops.

Baskin-Robbins, after a dull year, was "going agreeably well" and the other two U.S. businesses were in reasonably good shape.

Higher priority was being given to gearing. "We plant to continue the steady improvement but it will not be spectacular." Total borrowings were cut last year from £238m to £217m.

The group hoped to be able to avoid an increase in interest this year, despite the rise in rates so far.

The AGM of the company will be held at the Cumberland Hotel, W., on July 27 at 10.30 a.m.

See Lex

...S AND DEALS

...ovbourne not guilty ...f misrepresentation

...stors who buy shares in ...nies where there are large ...oldings in related hands ...accept that these sharehold... ...vill be influential in deter... ...g the future of the com... the Takeover Panel said ...day.

...firm confirmation of the ... of major shareholders to ...heir shares as and when ...vished, was contained in the ...nent from the Panel giving ...d reasons for rejecting an ... from W. Henshall and ... (Addlestone) against a ... out" bid from Bovbourne. ...bourne, had not been guilty ...y misrepresentation in the ... of its negotiations and in ...bsence of bad faith the ... did not believe the pur... ...r needed to assume respon... ...y for the decision of a ven... ...ven if he was also a director. ...nwhile Petford, the other ...e company which is making ...her bid for Henshall, said ...day that it was extending ...p offer until July 7 with a ...le further extension. Pet... ...already has 11.2 per cent ...ie shares having received ...tances from 23.57 per cent ...e total equity. Bovbourne ... 50.S per cent.

... Panel refused to permit ...all to issue sufficient new ...s to dilute Bovbourne's hold... ...elow 50 per cent. The rule ...nting any share issues dur... ...bid for such purpose was ...mental to the City Code and the fact that Henshall's issue would favour a higher bid was not considered justification for a waiver.

The Panel did comment that had the proposed Model Code for Securities Transactions by Directors of Listed Companies been adopted by the Stock Exchange (as is intended), Henshall's directors would have been obliged to inform the chairman of their proposed sales which might have given the company time to arrange an effective defence, but this was something on which the Panel did not feel called upon to comment.

MAJOR WEBB TO DEFEND

The former deputy chairman of Twinlock, Major G. L. Webb, announced yesterday that he would fight the proceedings Twinlock has started against him and his private concern, The Investment Company.

Twinlock, in which the National Enterprise Board has a 33⅓ per cent stake, bought from The Investment Company in 1974 a company called The Shannon. In March this year Twinlock commenced proceedings against Major Webb and TIC claiming substantial damages arising from that acquisition.

Yesterday Major Webb said that Twinlock alleges that it was induced to buy Shannon by reason of various profits forecasts for the year ended February 28, 1975.

Major Webb claims that Twinlock conducted its own investigation into Shannon using its own accountants and had access to all relevant information. In addition, both parties had agreed that there would be no profit warranties in either direction. No profit forecasts were contained in the offer documents, he said. "The proceedings will therefore be vigorously defended."

DALGETY EXPANDS IN AMERICA

Dalgety has acquired Santa Fe-Driscoll Packers Inc. of California, the largest independent processor of frozen strawberries packed and sold under private label in the U.S.

Net assets of the Santa Fe-Driscoll company as at March 31, 1978, were $4m and profits before tax $1.3m. Annual sales are approximately $20m.

The acquisition is a further planned step in Dalgety's programme of increasing the proportion of its investment in the U.S. The turnover of Dalgety combined U.S. food interests will now exceed $100m per annum.

RIGHTWISE SCHEME

A new diversified and publicly quoted plantations company with a net worth of about £2m will come to the market if merger plans released yesterday are successful. The Robinow family and associates are drawing together various plantation interests in Rightwise which until now has been a private company.

Rightwise will bid for Deundi Holdings, Gadek Indonesia and Arbour Court Investments, while Gadek Indonesia will at the same time offer to buy in the 21.9 per cent of Sampang Java which it does not already own.

Mr. Richard Robinow, a director of most of the companies involved, said yesterday that the geographical and crop risks would be diversified, the cash-rich companies would be able to combine with cash-hungry ones and extra size would endow the company with greater clout and ability to absorb overheads.

The Robinow family and associates already controls Deundi (a public company) and Gadek Indonesia but not Arbour Court Investments.

A total of nine shareholder meetings will be necessary to see the whole thing through. The Robinows and other persons connected with Rightwise will not vote at them in view of the conflict of interest.

The despatch of the formal scheme document, which runs to 73 pages, is being delayed by an industrial dispute.

MARLER ESTATES

The offer by Blade Investments for the 1,329,050 ordinary shares in Marler Estates not already acquired or agreed to be acquired by Blade have been received in respect of 193,200 ordinary shares (14.5 per cent) of the ordinary shares subject to the offer. The offer has now closed.

Blade purchased 248,000 ordinary shares before the offer period and will now complete the purchase of an additional 612,340 ordinary shares, increasing its total present holding (including the shares assented to the offer) to 30 per cent of the ordinary capital of Marler. The purchase of the remaining 1,322,410 ordinary shares (37.6 per cent) which are to be acquired pursuant to the agreement, is due for completion by October 24.

AP EXPANDS

Automotive Products, the UK automotive brake and clutch manufacturer, is expanding in France with the acquisition of two related companies which will give it both manufacturing and distribution interests.

The move is the first significant step AP has made in France towards its aim of developing local manufacturing, which is an essential requirement in expanding sales to Continental vehicle manufacturers. But it will also give the British company national distribution within France.

The deal covers the acquisition of 75 per cent of the capital of Societe des Usines at Moriniere, near Orleans, and ERSA in Paris for Fr 12m (£1.5m). It has already been cleared with the French authorities who have recently tended to show ap rickly attitude to foreign takeovers.

AP, one of the larger British component companies, has been rapidly expanding its sales of clutches and brakes on the Continent in the last few years, selling in France to Renault, Peugeot and Chrysler France. But it has lagged behind other U.K. companies like Lucas, Associated Engineering and GKN in overseas manufacturing facilities, which are confined to a clutch operation in Italy, and some clutch repair businesses elsewhere.

The company said yesterday that ERSA has some 2,000 customers in France, making it one of the larger distribution organisations in the country. It mainly sells a range of brakes, clutches and water pumps.

Moriniere currently produces brake discs, drums and water pumps distributed through ERSA, and it is probable that its activities will be expanded.

SINGLO BORROWINGS

Singlo Holdings is to ask shareholders to approve an increase in its borrowing limits from £1.47m (equivalent to the nominal share capital) to £3.2m, equal to one and a half times the increased share capital and reserves.

A special meeting will be held on July 18 for shareholders to discuss this proposal and the issue of 1.13m shares for the purchase of Barnum's (Carnival Novelties).

SHARE STAKES

Car and General Kenya—Kakuzi has acquired an interest of 12.66 per cent.

Victoria Carpet Holdings—C. G. F. Anton, director, has transferred 440,000 shares to Hongkong and Shanghai Bank.

Toye and Co.—J. B. Hayward and. Son (medal specialists) increased holding to 208,500 ordinary shares (0.27 per cent).

Premier Oil extends U.S. spread

By Ray Dafter, Energy Correspondent

Premier Consolidated Oilfields, a British independent exploration group, has taken a stake in a Texas energy company in a deal which could lead to further purchases of coal, oil and gas interests.

Premco Petroleum, Premier's U.S. subsidiary, has paid $280,000 (£150,530) for more than 4 per cent of the capital of Amco Petroleum Corporation of Dallas, an exploration company active in Oklahoma and Texas.

In addition Premco has acquired an option to buy 50 per cent of Amco's interest in a Kentucky coal mining venture for a further $200,000 (£107,520). A second option provides Premco with the right to purchase 25 per cent of the working interest in oil and gas holdings acquired by Amco in Greer, Kiowa and Beckham Countries, Oklahoma.

Premier's U.S. subsidiary has been an American oil producer for five years, primarily in California. The group said in London that the latest acquisions were designed to extend Premco's geographical spread.

BRITISH VITA NIGERIA

British Vita Company has now completed arrangements to reduce its Nigerian subsidiary to associate status. A public issue will be made to Nigerian citizens at Kobo 50 (par value) per ordinary share of 16.38m new ordinary shares in the capital of Vitafoam Nigeria. As a consequence British Vita's interest in Vitafoam Nigeria will be reduced from 50 per cent to 20 per cent. Net proceeds of the issue receivable by Vitafoam Nigeria will be some Naira 7,695,000 (equivalent to £6.5m).

The directors of Vitafoam Nigeria have approved a capital investment programme involving the expenditure of approximately Naira 9.1m. The funds raised by the issue will be utilised for the further development of the business.

RKT TEXTILES

Robert Kitchen Taylor's offer for all the ordinary shares of RKT Textiles other than those already owned has gone unconditional, following acceptance by 85.2 per cent.

LMI up to peak £1.91m

THE DIRECTORS of London and Midland Industrials, engineering and consumer products group, report record taxable profits of £1.91m for the March 31, 1978 year against £1.58m last time, after £0.85m at halfway compared with £0.65m. At the interim stage directors forecast a substantial improvement in full year's profits.

They now say that trading in the current year has started well with the group continuing to expand its business, and they anticipate increased profits for the whole of the 1978-79 year. Turnover for the 1977-78 year was ahead from £15.41m to £18.49m.

Tax on the ED 19 basis, took £0.78m (£0.35m), with the comparative figure having been restated, and earnings per 25p share, after this charge and preference dividends (£17,500), are shown at 15.6p (14.5p). The dividend is 4.8077p (4.30307p) total, with a final payment of 2.9077p which has been provided on the basis of a 33 per cent ACT charge.

There was an extraordinary debit of £3,000 for the year compared with a £53,000 credit last time, reducing the attributable profit to £1.12m against £1.08m. After dividend costs the retained amount was slightly lower at £0.75m (£0.77m).

It has been decided not to provide for deferred taxation in respect of stock relief and £552,342 provided at March 31, 1977, has been added to group reserves.

It has also been decided only to provide for deferred tax payable in respect of capital allowances which might become payable in the foreseeable future; no provision has therefore been made in this year's accounts and the provision for the March 31, 1977, year of £64,282 has also been added to group reserves.

The balance of the provision for deferred taxation in respect of capital allowances at March 31, 1978, of £217,313 has been carried foward and, in the opinion of the directors, this will be adequate to cover any liabilities for deferred taxation which might become payable in the foreseeable future.

Group balance-sheet has been strengthened by these transfers and reserves have been further increased by retentions of £750,000 for the year.

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MINING NEWS

Alberta coal venture for Imperial Oil

BY PAUL CHEESERIGHT

IMPERIAL OIL, the largest integrated oil group in Canada, which is 70 per cent owned by Exxon Corporation of the U.S., is seeking provincial Government approvals for the development of a coal mine near Judy Creek in Alberta.

The group has formally applied to the Alberta Energy Resources Conservation Board for a development permit and operating licence. It plans to spend some C$80m (£38.5m) on the mine, which will provide fuel for an oil sands recovery plant at Cold Lake.

Imperial stated that if official approvals are received next year, development work could start in 1982 with mining beginning in 1985. But this supposes that "the economics of utilising coal remain attractive."

Reserves at Judy Creek North are put at 300m tons and output would initially be 2.5m tons of coal a year.

But Imperial has other coal properties in Alberta, whose total reserves in place have been put at 3bn tons. It has also a 16.75 per cent stake in Quintette Coal, a consortium in which Denison Mines is the largest shareholder. Quintette is developing a metallurgical coal project in British Columbia on the basis of 2.8bn tons of reserves.

Its search throughout Canada for non-ferrous metals involves joint ventures with a number of junior exploration companies. But Imperial's most recent success has been in uranium at Midwest Lake, Saskatchewan, where it is working with Bow Valley Industries and Numac Oil and Gas.

In May, Imperial's unit, Esso Minerals Canada, reported mineralisation at 35 out of 43 diamond drill holes. These figures have been updated by Mr. W. S. McGregor, the Numac president.

Reporting to shareholders at a meeting in Edmonton, he said that 40 out of the 54 holes drilled so far had encountered mineralisation. The uranium orebody had been extended to a length of 4,100 feet with a width ranging between 200 and 400 feet.

The high grade deposits appear to average over 2 per cent with one hole penetrating 38 ft of ore grading 24.3 per cent uranium per ton.

Canadians ease uranium rules

THE Canadian Government plans to ease slightly its foreign ownership rules for new uranium mines, writes Robert Gibbens from Montreal.

Legislation laid before Parliament shows that in some circumstances the Government will allow a ceiling of 50 per cent foreign ownership against the previously proposed 33 per cent.

A foreign company wanting to get into uranium production would apply for a permit to the Foreign Investment Review Agency in Ottawa. To succeed it would have to show that 75 per cent of its directors are Canadian citizens, that non-resident share owners limited to 33 per cent a supply contracts with non- companies conform with ment guidelines.

But the non-resident pr of ownership can rise per cent if the balance o is held by Canadians.

New Caledo cobalt hopes

THE NICKEL PROJECT Caledonia under investiga Bureau de Recherches Geol et Minieres (BRGM), the Government agency, and the U.S. could yield 1,000 of cobalt a year, BRGM said in Paris.

The cobalt would be p as a by-product from th grade lateritic nickel Nickel production cou between 25,000 and 35,000 a year, the sources added.

The project will be Cofremmi, a French c which will be 90 per cent by the BRGM-Amax joint The remaining 10 per cent by Patino.

The potential production must be exteremely tentati BRGM-Amax agreement signed only last Marc feasibility and financing have yet to be completed ever, it is commonly assum the project will come on sometime in the mid-198 avoiding the current slu the international nickel

South Crofty's mild optimism

SOUTH CROFTY, the largest tin mine in the UK, is expecting a satisfactory year, provided the metal price is not unduly depressed by releases from the U.S. stockpile, Mr. P. C. Buchanan, the chairman, states in the annual report, published today.

So far the market has been working in the company's favour with the price remaining generally firm. Cash metal closed yesterday on the London Metal Exchange at £6,505 a tonne. The prospects of large scale releases from the U.S. stockpile remains cloudy.

Mr. Buchanan added another condition for a satisfactory 1978-79. This is that wage increases should be restrained. The outlook here is uncertain, although the Government's stand in favour of restricted increases only has been made clear.

Production is expected to increase this year, although after the first two months it is running slightly behind that of last year at 389 tonnes of tin concentrates against 399 tonnes. Mr. Buchanan does not hazard a projection about output fro mthe Pendarves mine, however.

At Pendarves, says Mr. Buchanan, proven reserves have increased but the results from the new Number Six level have not come up to expectations. At South Crofty itself "proven ore reserves both broken and in situ increased."

In the year to March, South Crofty, as already reported, had record net profits of £1.2m and declared two dividends totalling 4.125p. These payments were in line with the estimates made at the time Saint Piran, the owners, sold off 35 per cent of the shares last October.

The share price yesterday was 50p, just under the high for the year, but 8p below the closing level of the first trading day on October 11, 1977.

ROUND-UP

What is being called "a staking spree" has been reported from the Swift River area in the Lake region of southern reports John Soganish Toronto. The attraction area's tin, tungsten molybdenum possibilities. the early entries are majc Amax and Duval.

* * *

Texasgulf Canada has d its option on the base meta peet of Chance Mining Exploration near its Kidd mine at Timmins, Ontario. ment about what the Chanc might contain set off a flu Canadian investment inter May last year.

* * *

Barymin Explorations is ing the help of the Nova Government in the raisu C$3m (£14m) worth of w capital to start mining oper. at its lead property on Breton Island. If fina negotiations are successful duction could start in the a at a mining rate of 650 tons

APPOINTMENTS

Esso Europe president

Mr. J. F. Dean, president and a director of Esso Europe Inc., has been elected a director and a senior vice-president of Exxon Corporation from September 1. Mr. R. G. Reid, a director and executive vice-president of Esso Europe Inc., has been appointed to succeed Mr. Dean as president of ESSO EUROPE INC. from the same date. Mr. R. H. Beresford, a director and executive vice-president of Esso Europe Inc., has been made vice president-logistics, Exxon Corporation, from July 15. Mr. L. G. Rawl, executive vice-president of Exxon Company, U.S., has been appointed executive vice-president of Esso Europe Inc. from September 1, and is expected to become a director of Esso Europe Inc.

*

Mr. William G. Curran Jr. has been elected chairman of the new Investment Banking Group which will be known as FIRST CHICAGO INVESTMENT BANKING GROUP. This Group will co-ordinate the investment banking activities worldwide of the First National Bank of Chicago, principally through merchant banking subsidiaries and representation in London, Geneva, Panama, Hong Kong, Singapore and Saudi Arabia. Mr. Curran, whose headquarters will be in London, founded First Chicago Ltd. in London in 1970 as the first wholly-owned merchant banking subsidiary of a U.S. commercial bank.

*

IND COOPE BURTON BREWERY is now a separate, profit-centered unit of Allied Breweries beer division, selling major national beers to the regional trading companies of Ind Coope, Ind Coope West, Ind Coope (Scotland), Joshua Tetley, Tetley Walker, Ansells and the separate companies formed to handle take-home and off-trade activities. Chairman of the new company is Mr. John Dunwell, 38, who first came to the Burton Brewery in 1957 as a trainee brewer. Mr. Dunwell became a director of Allied Breweries (Production) in 1973, a director of Allied Breweries (UK) the following year, and a main board director of Allied Breweries Ltd in 1975. Managing director of Ind Coope Burton Brewery is Mr. Norman Crow, who joined the Burton brewery in 1955. Mr. Crow was appointed Romford brewery director and manager in 1969. He stayed at Romford until 1976, when he was appointed director and manager of the Burton brewery. Joining Mr. Dunwell and Mr. Crow on the new Board are production manager Mr. Harry Pendleton and personnel manager Mr. Bob Robbie, and non-executive directors Mr. Edgar Harbron (finance), Mr. Michael Jackaman (marketing), and Mr. Jim Race (trade).

*

The Earl of Halsbury, having reached the age of 70 earlier this month, has retired from the Board of the DISTILLERS COMPANY.

*

Mr. Denis S. Greensmith has been appointed chairman of WILLIAM PICKLES AND CO. Mr. Greensmith, a director of Sears Holdings and group managing director of the Lewis's/Selfridges Group, succeeds Mr. C. Harold Buckley, who has retired as William Pickles' chairman but continues as a director.

*

Mr. Ian M. Clifford has been appointed director, Europe-Africa, for MONSANTO INDUSTRIAL CHEMICALS, succeeding Mr. John Mason, who has been elected vice-chairman and a member of the Board of Directors of Aiscondel, Monsanto's Spanish affiliated company. Mr. Clifford has in turn been succeeded by Mr. David A. Hammersley as director, Europe-Africa, for rubber chemicals. Mr. Clifford, a British citizen, joined Monsanto in London in 1951. He was named director, rubber chemicals, Europe, in 1972. Mr. Hammersley, also a British citizen, joined Monsanto at its Ruabon plant in 1961, and was named marketing manager, Europe, for rubber chemicals in 1973.

*

Marshal of the Royal Air Force, Sir Denis Spotswood, a vice-chairman of Rolls-Royce, has been elected to succeed Mr. Robert F. Hunt as president of the SOCIETY OF BRITISH AEROSPACE COMPANIES for the coming year. Mr. Basil D. Blackwell, who has been elected vice-president of the Society, has been chairman of Westland Helicopters since 1976.

*

Seven appointments have been made in the BIRMID QUALCAST (FOUNDRIES) group. At Midland Motor Cylinder Co., Smethwick, Mr. A. Lane is appointed to the management board as administrative executive. At Qualcast (Wolverhampton), Mr. A. W. Tyler, is appointed works director and Mr. W. E. Owen has joined the management board as commercial manager. At C. and B. Smith Foundries, Wednesfield, Mr. J. T. Cooper is appointed engineering director and Mr. C. A. Fletcher is appointed production director. At Sterling Metals, Nuneaton, Mr. L. Hastings is appointed engineering director. At Trucast, Ryde, Isle of Wight, Mr. A. G. Farnsworth is appointed managing director.

*

Mr. G. F. Armitage has been appointed a non-executive director of LYON AND LYON. Mr. Armitage is chairman and joint managing director of George Armitage and Sons.

*

Mr. David Harris has been appointed director of administration and secretary to the PLESSEY COMPANY. He will take up his appointment on July 17 and be based at Millbank Tower, the company's London office. Mr. Harris, a solicitor, entered industry in 1964 when he joined the legal department of the British Oxygen Company. In 1966 he joined the legal department of Imperial Chemical Industries, and is presently senior solicitor with that company. Mr. K. B. Huntbatch and Mr. A. R. Laing continue as assistant secretaries.

*

Mr. James M. Schwyn has been appointed director of manufacturing, Europe, for CHAMPION SPARK PLUG COMPANY. H be based at its European quarters at Diegem, near Bri and will be responsible fo company's seven manufac plants located in Belgium UK and Italy. Mr. Schwyn Champion in 1967.

*

Mr. A. J. Barron and Wilson have been made dir of BRITISH COCOA (HULL), the UK processing sidiary of Gill and Duffus G

*

Mr. David N. Allison has appointed group company tary of CORAL LEISURE G following the retirement o Nicholas St. G. Wise, who continue to act as a cons to the company. Mr. L. J. Ba having passed retirement ag resigned from the Boar CORAL CASINOS and r from executive duties in the pany's West End casino club will continue with the ho company as a consultant.

*

Mr. David Stott has joine Board of J. W. CAMERON CO. Mr. Stott has been secr and a technical director 1976.

*

Mr. J. G. Bailey, Mr. Mitchell, Mr. B. C. Osborn Mr. J. S. Sandilands, at pr associated members of B MASTER AND MOORE stock ers will join the partnershi July 7. Mr. E. de Bellaigue wi leaving the partnership on 7 and the firm on August 3

*

Appointed to the Boarc W. S. ATKINS AND PARTN consulting engineers, are: M Mapplebeck, Dr. P. A. L. N cott, Mr. B. R. Patterson, Mr. A. E. S. Pengelly.

*

Mr. Kenneth J. Morris has appointed company secretar LINREAD.

*

Mr. David C. Pinder has appointed to the Board of Wimbledon-based advert agency, VICTOR BRAND A CIATES.

*

New managing director WILD HEERBRUGG UK, supp of precision survey instrum is Mr. B. C. N. Snelling. Mr. Simpson, the retiring mana director, remains with the c pany as executive director res sible for administration, fina and personnel.

*

Mr. A. W. Cole has b appointed secretary of GAS A OIL ACREAGE in succession Mr. A. E. Weighill, who retired.

*

BLOOR CONSTRUCTION announced the appointment Mr. J. R. Graham to the Boa He will be primarily responsi for all estimating. Mr. Graham previously chief estimator C. Bryant and Sons.

*

Mr. Barry Abbott has be appointed managing director ROCK ASPHALTE and NATIONAL FLOORING CO PANY, subsidiaries of the Walt Lawrence Group. He succeeds late Mr. Jack Keen.

4 AMERICAN NEWS

hicago Bridge reduces 'oposed bid for Rowan

IR FINANCIAL STAFF

Bridge and Iron the steel plate struc- ıufacturer, has reduced of its proposed tender Rowan Companies from are to $24.50 a share. ed terms value the bid $250m.

Bridge said in Chicago that the price is being *because of the effect of* action between Rowan nco Steel Corporation d on June 23. In that wan agreed to acquire 50 per cent interest in an drilling affiliates in for Rowan preferred

The Chicago Bridge offer for Rowan, to be effected through its subsidiary CBI Industries, was originally announced on June 12. CBI already holds 4.9 per cent of the outstanding 10.1m Common shares of Rowan, and it was made clear at the time that the offer was conditional upon a favourable reaction *by the Civil Aeronautics Board* to the transfer of ownership of Rowan's air tax operations.

The Rowan Board rejected the cash offer of $26 a share on June 15, on the grounds that the price was inadequate and not in the best long-term interests of Rowan shareholders. Rowan later filed suit *in the* Federal court in a further attempt to block the bid.

After yesterday's statement modifying the terms of the proposed offer, Chicago Bridge said *that the offer would not be formally* made until definitive documents had been filed with the *Securities and Exchange* Commission. It added that the offer was still subject to further modification or even withdrawal, until the documents had been filed.

Rowan said later in Houston that it had no comment on the Chicago Bridge statement.

eneficial-First Texas deal

TEWART FLEMING

NEW YORK, July 3.

CIAL CORPORATION, a J.S. finance house with 000 offices in the U.S., Australia and the UK, ht ten per cent of the First Texas Financial erates ten savings and iciations in the State.

ial disclosed that in *to the 10 per cent pur-* had agreed to buy stock which would take its stake up to 20 per cent at a cost of $56.41 a share for a total of $17.7m. It added that it might *also buy the rest of the equity.*

Savings and loan associations are a major source of housing finance in the U.S., akin to building societies in the U.K. except that they generally operate as profit-making companies with private shareholders. Beneficial's move is a further example of the diversification of the financial services industry which is intensifying competition with the *banking sector.*

Financing house purchase, and, increasingly, lending against the security of a house, has been one of the most rapidly growing and profitable financial service markets, reflecting in part the increasing sensitivity of Americans to the value of house ownership as a hedge against inflation.

eorganisation at First Nat. Chicago

UR FINANCIAL STAFF

NATIONAL Bank of is changing its organi- structure to create a investment banking n. The newly formed hicago Investment Bank- oup will include both ional and domestic in- t banking and will be *by Mr. William Curran,* o London.

roup will concentrate on as of business: managing and underwriting international securities issues; loan syndication; financial advisory services *to companies and governments;* personal portfolio management; and direct investment in the U.S.

The last two of these are additions to the bank's current range of services and will be handled *from an expanded Geneva office.*

The investment banking group will operate through First Chicago subsidiaries and offices principally in London, Geneva, Panama, Hong Kong, Singapore, Saudi Arabia and Chicago, Mr. *Curran said yesterday.*

Mr. Curran will be reporting to Mr. Idilby, the London-based senior vice-president in charge of First Chicago's business in the Middle East and Africa. His position as managing director of First Chicago Ltd., the U.S. bank's London merchant banking subsidiary, is being taken by Mr. Jan Altink.

rton Simon l blocked

bbert Gibbens

MONTREAL, July 3.

oreign Investment Review *(FIRA) in Ottawa has* plans by Norton Simon U.S. to take over Avis Ltd., Montreal, car and leasing and rental firm by Avis of the U.S.

s also rejected a proposal West German owned Materials Handling Cor- n of the U.S., to buy cer- ssets of Otis Elevator, on. Ontario.

ver. Goodyear of the U.S. *ture IVG Rubber Canada* located near Montreal, of hose products, from and Swiss interests.

General Dynamics terms

ST. LOUIS, July 3.

GENERAL Dynamics Corporation said it has agreed with American Telecommunications Corporation to modify the terms of their previously announced proposal under which General Dynamics intends to acquire the El Monte Californian Telecommunications equipment manufacturing firm.

The companies said that the new terms call for an exchange of each share of American Telecommunications common stock for $23.50 or for an 0.47 share of a new *General Dynamics* convertible preferred stock. Under the agreement announced last April, each share of American Telecommunications common stock would have been exchanged for $21.75 or 0.435 share of a new General Dynamics convertible preferred stock.

General Dynamics also said in a separate statement that a tax analysis in progress indicates that any *dividends paid to stock*holders between the latter part of 1978 until 1980 might not be taxable as dividends for Federal Income Tax purposes but would represent a return of capital.

Such a ruling on dividends would reduce the tax basis of the stock of a shareholder.

The Internal Revenue Service *recently advised it that it will not* issue a requested ruling on the matter at this time. However its tax analysis does not depend upon a ruling being issued, General Dynamics added.

AP-DJ

THE VOLVO DEAL

Norwegian Parliament expected to approve

By William Dullforce

STOCKHOLM, July 3.

THE NORWEGIAN Prime Minister, Mr. Odvar Nordli, expects a solid majority within the Norwegian Parliament later this year to approve the agreement under which Norway will buy 40 per cent of Volvo, the Swedish automobile manu*facturer, for NKr 900m* ($165m). He made this statement, dismissing the criticism *of the Volvo purchase* voiced by Norwegian industrialists and Opposition politicians after a weekend meeting here with the Swedish Prime Premier, Mr. Thorbjoern Faelldin.

The two Prime Ministers and their Industry Ministers agreed on a timetable for working out *the detailed agreement* over Volvo, and a parallel agreement on Swedish purchases of Norwegian North Sea oil. The agreements *will be submitted* to the Parliaments in October or November, with the inten*tion of having them ratified* before Christmas.

Mr. Pehr Gyllenhammar, Volvo's managing director, who was present during part of the talks, told the Premiers that the agreement in principle announced in May had since been approved by all the Swedish unions represented among Volvo employees.

Mr. Nordli said he was not pessimistic about the sale of Volvo shares on the Oslo stock market, but it was evident that the market had a limited capacity. The Norwegian *Government's aim is to sell to* private investors at least half the new shares to be issued by the new Volvo (Swedish-Norwegian) Company to cover the 40 per cent Norwegian holding. Norwegian stockbrokers have pointed out that the sum involved would exceed the value of all new share *issues on the Oslo market last* year.

The Norwegian Government *is setting up a working group,* including union and industrial representatives, to supervise work on the Volvo purchase. Mr. Nordli repeated that Volvo is committed to creating 3,000 to 5,000 new jobs in Norway over the next five years. Some Norwegian critics have been sceptical about this undertaking.

Mr. Faelldin said that amendments would have to be made *to both Swedish and Norwegian* company law, and some tax questions resolved before the new bi-national Volvo company could be formed.

Flick sees 14% sales increase

By Adrian Dicks

BONN, July 3.

THE Flick Group, West Germany's biggest privately owned industrial holding company, expects to achieve an increase in *sales of 14 per cent this year,* on the basis of business during the first five month. Last year Flick *saw sales rise 11.4 per cent to* DM 6.7bn ($3.24bn) but describes as "unsatisfactory" the increase from DM 53m to DM 58m ($28m) in net profits.

For 1978, according to a statement published with the 1977 annual results today, Flick is not expecting any great improvement in profits but will be content if *it earns approximately the same* as last year.

Neither the statement nor the 1977 figures throws any fresh light on Flick's plans for the investment of its remaining cash proceeds from the sale in early 1975 of 29 per cent of Daimler-Benz.

EUROBONDS

Issue volume falls sharply

By Mary Campbell

THE VOLUME of Eurobond issues was sharply down in the *first half of this year from* the comparable period of last year, figures calculated by Credit Lyonnais and Kredietbank Luxembourgeoise show. According to their analysis, a total of 121 public Eurobond issues worth $6.92bn were launched during the period, about 15 per cent down on the $8.82bn of *the equivalent period last year.*

Despite its weakness on the foreign exchange market and rising interest rates the dollar remained the leading currency for Eurobond issues, accounting for 53.13 per cent of the total, the analysis shows.

There was little change in prices in the Eurobond market yesterday, except among Japanese convertible bonds which retain their strength.

In a surprise concession to market conditions, the European Investment Bank decided at the last moment to cut the *issue* price of its $100m bond to 99 from the 99¼ to which the *managers* were committed. Initial price indications last night were that it was opening at around 97 per cent. Dealers pointed out that this price puts the yield well above that on comparable issues.

The Japanese company Ricoh has launched two issues in the D-Mark sector, a DM 70m convertible and a DM 30m straight issue. The convertible offers a 3¼ per cent (semi-annual) coupon at par on a final maturity of eight years with the conversion premium indicated at 10 per cent.

The straight issue will be a five-year bullet. Guaranteed by Mitsubishi Bank, it offers a 5¼ per cent coupon at an indicated price of 99.

Commerzbank is handling the issues.

Minister claims Holland's interests are protected

BY CHARLES BATCHELOR

AMSTERDAM, July 3.

HOLLAND IS studying the implications for Volvo's Dutch subsidiary, Volvo Car, of the sale of 40 per cent of the Swedish car-maker to Norway. The first impression given by the deal is that the Dutch interests are protected, the Economics Minister, Mr. Gijis van Aardenne, told parliament in a written reply.

The Minister faced a series of questions from MPs worried that Holland did not get enough in return *for its support for Volvo* Car, and that the Norwegian deal might lead to the producton of a car in competition with the 343 model now being made in Holland. The Economics Ministry announced in January that Holland would raise its stake in Volvo Car to 45 per cent from 25 per cent as part of an aid package worth nearly Fl200m ($90m).

References by Volvo to the manufacture of cars in Norway only refer to the development of car bodies made of plastic and plastic compounds, Mr. van Aardenne said. The prdouction and development *of cars similar to* the 343 will only take place in Holland. It, therefore, does not *expect the Norwegian participa*tion in Volvo to have much, if any, effect on Volvo Car.

There was never any chance that Holland could take a direct stake in Volvo in return for support for its Dutch subsidiary. Norway was able to offer a share in the development of its Continental Shelf and access to sources of energy *in return for* its holding in the parent company. The basis for the Dutch negotiations was Volvo Car, a company which was making heavy losses.

Dutch aid has not been used to help Volvo pay dividends to shareholders, Mr. van Aardenne said. If Holland had given less aid, or no aid at all, Volvo Car *would either have had to be shut* down completely, or investment would have had to be cut back, with damaging effects in the long term.

The agreement with Volvo Car allows Holland a share in any profits it may make up to 1989.

Astra to sell three subsidiaries

BY OUR NORDIC CORRESPONDENT

STOCKHOLM, July 3.

ASTRA, the Swedish pharmaceuticals group, is planning to sell three subsidiary companies not directly connected with its main business. They are Astra-Wallco, which produces consumer hygienic products, Astra-Dinol, whose main field is rust prevention, and Swix Sport International, manufacturing ski *waxes and poles.*

All three are profitable with Wallco and Dinol each expected *to turn in sales of around* SKr 150m ($32.6m) this year and Swix about SKr 60m. Several inquiries have been received and Astra will start negotiations shortly. According to the company there would be no obstacle to a foreign purchaser.

Currently about three-quarters of Astra's SKr 2bn turnover derives from pharmaceuticals. The board recently decided in principle to maintain only those sideline operations which either had some synergy effect with pharmaceuticals or contributed real financial support to the expansion of the pharmaceutical *business.*

Astra's expansion has been particularly strong outside Sweden. Foreign sales have doubled in the past three years, reaching 61 per cent of group turnover last year. Earnings have kept pace. The 1977 pre-tax *profit of SKr 116m reflected* a slightly lower growth rate at 13 per cent than the 18 per cent increase in sales, but changes in accounting procedure were responsible for the shortfall.

The demand placed on Astra's financial resources by its recent expansion is illustrated by the SKr 185m spent on research and development and the SKr 133m which went to property and machinery last year.

Danes request probe of DCK

BY HILARY BARNES

COPENHAGEN, July 3.

THE DANISH bankruptcy court *has requested a police investiga*tion of the affairs of DCK Internaional, the company in which Mr. Jan Bonde Nielsen, managing director and majority shareholder in the Burmeister and Wain shipbuilding and industrial group, was a partner until 1975.

The court's move follows a report to the court by the liquidator for DCK, lawyer Mr. C. Tvede-Moeller. In his report on the reasons for the liquidation, Mr. Tvede-Moeller concluded: "The failure to assure the proper management of the company and the failure to establish proper accounting control (as also the *disproportionately* large borrowing, which it must have been clear to the group's management could only be repaid from earnings under the most fortunate circumstances) may have rendered the group's management liable to penalties and to payment of compensation which it *is beyond the responsibility* of the liquidator to decide."

The Central Bank has also asked the police to investigate alleged breaches of foreign exchange controls by the DCK management.

Mr. Bonde Nielsen has not so far made any public comment on the liquidator's report.

The affair has damaged Mr. Bonde Nielsen's reputation in Denmark, with almost daily *front-page coverage of the details* during the past fortnight. He gained control of a share *majority in the B and W* shipyard in 1974, and later brought about a reamalgamation of B and W's shipbuilding and other interests.

DCK International was the Danish holding company for a group of about 20 subsidiary companies in Europe, and a production operation in Kenya producing flower seedlings for sale in Europe. In 1972 the late Mr. Bruce Mackenzie, former Kenya Minister of Agriculture, became involved with Mr. Bonde Nielsen in the DCK venture.

Mr. Bonde Nielsen ceased to take an active part in the company in 1974, but remained a director until 1975. The company went into liquidation in 1976.

When liquidation proceedings were begun, the company was faced with creditors' claims totalling DKr 78m (about *$13.9m) including DKr 24m in* guarantees for bank loans by subsidiaries. DCK had bank *loans, most of them partially* secured, of about DKr 60m.

Assets at the time of liquidation were worth only about DKr 20,000, according to the liquidator's report. But when the liquidation was completed on June 28, debt to creditors was brought down to DKr 2.6m, plus a claim of DKr 11.2m from the Danish tax authorities.

Beghin-Say looks for improved results

By David White

PARIS, July 3

THE biggest of the French sugar companies, Beghin-Say, is expecting an improvement in its results this year after a doubling of net losses to FFr 127m ($28m) in 1977.

Operating results for last year already showed an improvement, moving from a FFr 33m loss to a FFr 7m profit. In a year when the beet sugar harvest returned *to normal after two very bad* crops, the loss stemmed mainly from depreciation charges carried over from the previous yea and povisions for a subsidiary Unisuc. In 1976, Beghin-Say had made a net loss of FFr 64m.

M. Jean-Marc Vernes, the chairman, said the company aimed to maintain employment *levels* and hoped to return to dividend payments, which have now been omitted for three years.

Turnover last year increased by 9 per cent to FFr 4.35bn. This was split roughly 60-40 between sugar and paper. Sales of paper and cardboard, including a fast-growing line in cellulose wadding, went up by over 15 per cent.

Of the 1m tonnes of sugar sold by Beghin-Say last year, half was exported compared with 37 per cent in the previous year. French consumption, particularly of lump sugar, has been declining, a trend attributed by M. Vernes to high price of coffee, changing food habits and anti-sugar campaigns.

FFr. 2.5bn loan for France

By Our Own Correspondent

PARIS, July 3.

THE *French Government* is launching a FFr 2.5bn ($0.56m) bond issue on July 12, following up on a FFr 3bn borrowing in May.

A third tranche to help bridge the Government's budget deficit is expected after the summer holidays.

The Government is borrowing *in portions rather than in one* big operation, as it did with a FFr 8bn loan last year, in an effort not to rock the boat too much in the capital markets.

The new 15-year loan is being issued at par with a coupon of 9.8 per cent. This compares with a 10 per cent coupon on the May issue, reflecting an easier trend in the conditions offered by first-category borrowers.

The loan is repayable in *annual instalments* after a three-year grace period. It is being preceded on the market by a FFr 1.2bn, 10.6 per cent loan by the Credit National.

This year's budget deficit was originally projected at just short of FFr 9bn compared with FFr 10bn in 1977, but is expected to turn out to be close to FFr 20bn.

INTERNATIONAL FINANCIAL AND COMPANY NEWS

FCO 'would acknowledge' treaty organisations

BY MARY CAMPBELL

THE FOREIGN and Commonwealth Office has indicated that it would be prepared to acknowledge the legal personality of organisations established by treaties to which the UK was not a party. In a letter to the Bank of England it says that in certain conditions, "as the branch of the executive responsible for the conduct of foreign relations (it) would be willing officially to acknowledge that the entity concerned enjoyed . . . legal personality and capacity and to state this."

This statement has resulted in the removal of a major block to these so-called "treaty organisations" arranging internationally syndicated loans under English law.

Doubts over the ability of treaty organisations to sue or be sued in English courts caused a projected $200m loan for the East European institution International Bank for Economic Co-operation (IBEC) to be withdrawn last year after they had been expressed by Mr. Maurice Mendelson of Counsel in an opinion for Bank of America, one of the lead managers for the IBEC loan. Their expression by Mr. Mendelson and other distinguished lawyers has also put question marks over the legal status of other organisations established by treaties to which the UK is not a party.

Mr. Mendelson has recently given a new opinion in which he states that "although 100 per cent certainty as to the standing in English law of the entities in question is not, even now possible in the absence of authoritative judicial determination, it is my opinion that the effect of what is expressed and of what seems to be implied in the FCO letter is sufficient to dissipate the doubts referred to in my earlier opinions to such a degree that it would now be reasonable to discount them for all practical purposes."

In his new opinion, Mr. Mendelson makes it clear that he does not think that the view of the FCO's lawyers that treaty organisations would have legal personality in English courts is necessarily sufficient reason, without more, for ignoring doubts on their status. This is because courts might take a different view and a view of the courts would override that of the FCO.

The main basis on which Mr. Mendelson has changed his view is the indication in the FCO's letter of a general willingness to appear before a court formally to acknowledge such an entity's legal personality and capacity: "it seems reasonable to infer, from the language used and the general circumstances of the case," Mr. Mendelson says, "that in practice the FCO is likely to accord as extensive recognition of that personality as needed to satisfy a court."

Hong Kong code of practice for unit trusts

By Anthony Rowley

HONG KONG, July 3.

AN OFFICIAL code on unit trusts and mutual funds—which aims to protect the public by stipulating requirements for both local and foreign trusts and funds operating here—was published today.

The code will be administered by a Committee on Unit Trusts drawn from the Securities Commission and the securities industry. It claims to be "in advance of UK practice" in certain respects.

Notable in this respect is the stipulation of what items must be contained in a unit trust's explanatory memorandum. "The UK authorities do not require an explanatory memorandum at all, let alone lay down its contents in detail," say the authors of the Hong Kong Code.

The Code requires applicants to file documents with the Official Securities Commissioner, including the trust deed, the explanatory memorandum (the trust's "brochure") and the periodic reports and accounts.

The code also requires that an applicant trust must have as trustee "a trustee company acceptable to the committee on unit trusts" and that the trustee must generally have no connection with the trust's management company, investment adviser or distribution company.

Provisions which a trust deed must include cover the basis on which offer and redemption prices are calculated, what costs are chargeable to the assets belonging to unitholders, limitations on a trust's ability to borrow and the powers of the trustee to dismiss the management company.

"In cases where the management company is incorporated outside Hong Kong, it must appoint a Hong Kong representative. The representative is not required to take responsibility for the management company's acts and omisisons, but Hong Kong residents must be able to buy and redeem units through such a representative.

These and other requirements are designed to protect invastors in the 35 trusts and mutual funds operating here from abuse of their funds and from collapses.

AUSTRALIAN NATURAL RESOURCES

Excess profits tax plans abandon

BY JAMES FORTH

SYDNEY

THE Australian Government has abandoned thoughts of applying a resources tax on above-normal profits from oil and uranium ventures. In a joint statement, the Treasurer, Mr. John Howard, and the Minister for Trade and Resources, Mr. Douglas Anthony, said that the decision had taken into account the possible adverse affect of such a tax on exploration and development decisions, and on investor confidence.

The Government first revealed that a resources, or secondary profits, tax was under consideration when bringing in the 1978-79 Federal Budget in August last year. At that time a new pricing policy for locally produced crude oil was announced, which would gradually increase the price from the then A$2.33 a barrel to full world import parity.

Fields producing 6m barrels of oil or less per annum received full import parity immediately, but for larger fields the producers were entitled to have an increaseing part of their production receive import parity. For the past 12 months, 10 per cent has received world price. It is due to rise soon to 20 per cent, to 35 per cent the next year and then to 50 per cent, with a promise that full import parity for the remainder of production would be introduced as soon as possible.

The new pricing policy meant a considerable increase in revenue for oil producers, particularly the Bass Strait partners, Broken Hill Proprietary Company and the Esso group, a subsidiary of Exxon of the U.S. The Bass Strait fields currently produce about 200m barrels of oil per annum, or close to 70 per cent of Australia's requirements.

The Government believed that not all the additional profits resulting from the new oil pricing policy should remain with the producers. The existing production levy on crude oil was raised from A$2 to A$3 a barrel as an offset, and it was announced that the Government was examining whether to replace the levy with a resources tax. The expectation was subsequently stated that if a resources tax was applied it would also be applied to uranium projects. There are several uranium developments hoping to come into production within the next few years which would show very high returns on the funds invested.

It is suggested that the type of tax most favoured was similar to the Petroleum Revenue Tax which operates in the UK, but that the investigations indicated that there could be constitutional problems associated with its imposition. This was because such a tax could discriminate against different industries or sections of an industry, and it could result in different tax rates applying in different states.

The joint ministerial statement said that discussions had been held between officials sentatives of the oil ar industries on the m written submissions received from man companies. A c amount of research sequently carried ou Government had now issue long and earnest tion. The possible adv of such a tax on explo development decision investor confidence in concerned had been consideration. In th these examinations th ment had decided not with a resources tax.

Prices on Australi markets rose in respo announcement, partic the mining sector. Ho Government gave no whether it would look tive means of siphonin of the additional reve producers, such as aga ing the amount of the levy.

Chemie Linz passes dividend

BY PAUL LENDVAI

VIENNA, July 3.

CHEMIE LINZ, one of Austria's leading chemical concerns, is paying no dividend for 1977 after a 5 per cent payment the previous year. Presenting the annual report, Dr. Hans Buchner, chairman warned that 1978 is likely to be an even more difficult year than 1977.

Operating losses were put at "between Sch 15m to Sch 20m." Cash flow was down from Sch 514m to Sch 144m, with net profit sliding from Sch 27.5m to Sch 4.5m ($302,000) last year.

Turnover rose only fractionally from Sch 7.4bn to Sch 7.6bn. This slight increase stemmed from exports, which were up by 6 per cent to Sch 4.3bn. About 84 per cent of Chemie Linz's exports are sent to Europe.

At the end of 1977, the company's labour force totalled 7,510, or 8,140 including subsidiaries. As for sales, the steepest increase was recorded in the pharmaceutical sector (up 20 per cent), while fertiliser exports also increased. However, most other sectors stagnated.

Dr. Buchner pointed out that 1977 had failed to produce the hoped for rise in sales and earnings. This year, a turnover of Sch 8bn is the target, which would be slightly better than the performance in 1977. But he warned that the company was faced with a difficult situation and that reserves would have to be drawn on in order to offset operating losses. Between January and May this year, sales were up by 2 per cent to Sch 3.2bn. Exports during this period jumped by 11 per cent, while domestic sales were down by 8 per cent.

The company has been particularly badly hit in the Comecon area, which previously used to absorb about three-quarters of overall exports.

Meanwhile, Hutter Schrantz, an Austrian engineering company, has also passed its 1977 dividend for the second consecutive year. Growing import and export difficulties have combined to make it difficult for the company to pass on rising costs, the Board said. Turnover was up by 5 per cent to Sch 503m, but the share made up by exports fell from 18 per cent to 16 per cent. Investments totalled Sch 17.8m, after Sch 63m in 1976. No improvement is expected during the current business year.

Bank Hapoalim raising capital

BY L. DANIEL

TEL AVIV, July 3.

BANK HAPOALIM—Israel's second largest bank—intends to raise over I£800m ($45m) on the Stock Market, increasing its capital to I£3.3bn.

Of the issue—planned to open on Friday—60 per cent will be offered to the public, while 40 per cent has already been sold to institutional investors. It will consist of 73.15m Ordinary registered shares of I£1 nominal value, I£93.1m nominal of deferred options, 1983, of I£2 nominal each, unlinked and carrying no interest, convertible into Ordinary registered I£1 shares, and I£399m nominal of 18 per cent convertible capital notes, registered, unlinked, for conversion 1984-88.

The offer will be made in the form of 1.33m units, each of which will consist of 55 Ordinary shares, 35 options of series 7 and 300 convertible capital notes, series 8. The price per unit will be I£603.75. Apart from the 532,000 units allotted to institutional investors, 27m options will be offered to the bank's employees at a price of I£1.33 per option. The lists will close on July 8.

The issue—the third within 13 months—is intended to help the bank's expansion plans at home and abroad. New branches were opened recently in Chicago and Boston, and two more are to be opened shortly, in New York and Miami.

The bank's balance-sheet grew by 95.1 per cent in 1977. Both its issue in June last year, which raised I£530m, and that last September, which raised I£316m, were heavily over-subscribed.

Kao Soap advances

KAO SOAP COMPANY raised its consolidated net profits by 22.7 per cent in the year to March 31, to Y4.33bn ($21.2m) from Y3.53bn in the previous year, reports Reuter from Tokyo.

Sales increased 15.3 per cent to Y187bn ($917m) from Y162.25bn. Earnings per share rose to Y40.63, from Y35.64.

Meanwhile, Mitsui Real Estate Development Company has announced that it made consolidated net profits of Y4.71bn ($23m) in the year to March 31. Sales were Y169.23bn ($830m). The figures are the first to be released by the company on a consolidated basis.

Sumitomo Shoji

Sumitomo Shoji Kaisha changes its company name to Sumitomo Corporation, with effect from July 1, Reuter reports from Tokyo. Sumitomo Corporation, capitalised at Y15.69bn, is a Japanese trading house and a divisfon of the Sumitomo industrial group.

Pirelli Cab in Australi merger

By Our Own Correspo

SYDNEY,

Pirelli Cables Australia ing its cable making c with Conqueror Cables, owned subsidiary of the Group, L. M. Ericsson. company, which will b owned, will be known Ericsson Cables. Detail merger have not yet leased but it is sugge merged group will hav of about A$45m, and better placed to comp the two major cable m Australia, Metal Man and Olex Cables, whi about 75 per cent of ket.

Pirelli has been a entering the Australian for about five years strong opposition from t lished manufacturers. maintained there was growth in the market existing manufacturers. ally, Pirelli intended to a joint venture with t group, Wylex, but this w off and Wylex merged it operations with those of local company, Olympic dated Industries, to for Cables.

Pirelli's cable plant, ney, started production a months ago. Ericsson bought out its partner, K in Conqueror Cables.

Finance for Kori plants

BY RON RICHARDSON

HONG KONG, July 3.

KOREA ELECTRIC Company (KECO) will use the funds from its proposed $400m syndicated loan in part-financing of South Korea's second and third nuclear power stations, at Kori.

Interest on the loan—from a consortium of banks led by Chase Manhattan Asia, for a ten-year term—will be one percentage point above London interbank rates.

KECO is about 75 per cent owned by the South Korean Government.

The total cost of the two power plants is estimated at $2bn, with about half of this going towards payment for equipment and services from U.S. companies.

Westinghouse, General Electric and the U.S. Atomic Energy Commission are the main suppliers for the projects.

Apart from the latest syndicated loan, funds for the projects are coming from the U.S. Eximbank, the Private Export Funding Corporation of the U.S., the Export Credits Guarantee Department of the UK, and the internal resources of KECO.

Roche plans joint U.S. fructose venture

BY JOHN WICKS

ZURICH, July 3.

A PLANT for the production of pure crystalline fructose is to be built in Savanna, Illinois, as a joint venture between the Swiss Hoffmann-La Roche concern and the Helsinki-based Finnish Sugar Company.

The facility, to be built by joint subsidiary Xyrofin at a cost of $25m, will come on stream in the second half of 1980 with an annual capacity of 10,000 tons.

Crystalline fructose is a speciality sweetener and up to 70 per cent sweeter than ordinary sugar. It is finding growing use in the food industry, particularly for low calorie products.

At the same time, Hoffmann-La Roche said that further plans for the Savanna site foresee the construction of a xylitol plant. Xylitol, like crystalline fructose, a Xyrofin product already marketed in the U.S. by Roche, is a sugar alcohol with sweetness equivalent to that of sugar used mainly as a non-cariogenic sweetener for chewing gum. Originally Xyrofin planned to open a 10,000 ton xylitol plant in Savanna in the first half of 1980 but the project was held up in the light of side-effects occurring in high-dose animal testing.

SELECTED EURODOLLAR BOND PRICES
MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8½pc 1989	96½	97½
AMEV 8pc 1987	91½	92½
Australia 8½pc 1992	92¼	93
Australian M. & S. 9½pc '92	96½	97½
Barclays Bank 8½pc 1992	94¼	95
Bowater 9½pc 1992	96½	97
Can. N. Railway 8½pc 1986	94½	95
Credit National 8½pc 1986	95½	96
Denmark 8½pc 1984	97½	98½
ECS 9pc 1993	95½	96¼
ECS 8½pc 1997	93½	94½
EIB 8½pc 1992	97	97½
EMI 9½pc 1989	97½	98½
Ericsson 8½pc 1989	95½	96
Esso 8pc 1986 Nov.	99½	100
Gt. Lakes Paper 8½pc 1984	96½	97½
Hamersley 9½pc 1992	99¾	100½
Hydro Quebec 9pc 1992	94½	95½
ICI 8½pc 1987	93½	94¼
ISE Canada 9½pc 1986	102½	103½
Macmillan Bloedel 9pc 1992	93½	94½
Massey Ferguson 9½pc '91	98	99
Michelin 9½pc 1988	100	100½
Midland Int. Fin. 8½pc '92	94	94½
National Coal Bd. 8pc 1987	92½	93½
National Wstmnstr. 9pc '86	99¾	100½
Natl. Wstmnstr. 9pc '86 'B'	99¾	100¼
Newfoundland 9pc 1989	98½	99
Nordic Inv. Bank 8½pc 1988	96½	97
Norges Kom. Bk. 8½pc 1992	93	93½
Norpipe 8½pc 1989	94½	95½
Norsk Hydro 8½pc 1992	94½	95½
Oslo 9pc 1988	98½	99½
Ports Autonomes 9pc 1991	97½	98
Prov. Quebec 9pc 1995	93½	94
Prov. Saskatchwn. 8½pc '86	97½	98
Reed International 9pc 1987	93¾	94½
RHM 9pc 1992	93	93½
Selection Trust 8½pc 1989	90	91
Shell Intl. Fin. 8½pc 1990	94¼	95½
Skand. Enskilda 9pc 1991	97	97½
SKF 8pc 1987	91½	92½
Sweden (K'dom) 8½pc 1987	93¾	94½
United Biscuits 9pc 1989	97	97½
Volvo 8pc 1987 March	92¾	93½
NOTES		
Australia 7½pc 1984	93½	94
Bell Canada 7½pc 1987	95½	96
Br. Columbia Hyd. 7½pc '85	91½	92½
Can. Pac. 8½pc 1984	96½	97½
Dow Chemical 8pc 1986	98½	99
ECS 7½pc 1982	94½	95½
ECS 8½pc 1989	93½	94½
EEC 7½pc 1982	95	95½
EEC 7½pc 1984	94	94½
Enso Gutzeit 8½pc 1984	96	96½
Gotaverken 7½pc 1982	95½	96½
Kockums 8pc 1983	96½	97½
Michelin 8½pc 1983	98½	99¼
Montreal Urban 8½pc 1981	98½	99
New Brunswick 8pc 1984	96½	97
New Bruns. Prov. 8½pc '83	98½	99½
New Zealand 8½pc 1986	95½	96
Nordic Inv. Bk. 7½pc 1984	94	94½
Norsk Hydro 7½pc 1983	93½	94
Norway 7½pc 1982	94½	95
Ontario Hydro 8pc 1987	93	93½
Singer 8½pc 1982	99½	100½
S. of Scot. Elec. 8½pc 1981	97½	98½
Sweden (K'dom) 7½pc 1982	94¾	95½
Swedish State Co. 7½pc '82	95½	96
Telmex 9½pc 1984	96½	99½
Tenneco 7½pc 1987 May	91½	92½
Volkswagen 7½pc 1987	93	93½
STERLING BONDS		
Allied Breweries 10½pc '90	87½	88½
Citicorp 10pc 1993	90½	91½
Courtaulds 9½pc 1989	88½	89½
ECS 9½pc 1989	94	95
EIB 9½pc 1988	94¾	95½
EIB 9½pc 1992	91¾	92¾
Finance for Ind. 9½pc 1987	89½	90½
Finance for Ind. 10pc 1989	91½	92½
Fisons 10½pc 1987	95	96
Gestetner 11pc 1988	90	91
INA 10pc 1988	90½	91½
Rowntree 10½pc 1988	87½	88½
Sears 10½pc 1988	89½	90½
Total Oil 9½pc 1984	89	90
DM BONDS		
Asian Dev. Bank 5½pc 1988	96	96½
BNDE 6½pc 1986	97	97½
Canada 4½pc 1983	95	95½
Den Norske Id. Bk. 6pc '90	99½	100½
Deutsche Bank 4½pc 1983	95	95½
ECS 5½pc 1990	94	94½
EIB 5½pc 1990	94	94½
Elf Aquitaine 5½pc 1988	94½	95
Euratom 5½pc 1987	98	98½
Finland 5½pc 1986	97½	98
Forsmarks 5½pc 1990	97½	98
Mexico 6pc 1985	98	98½
Norcem 5½pc 1989	99½	100½
Norway 4½pc 1983	98	98½
Norway 4½pc 1983	97	97½
PK Banken 5½pc 1988	96	96½
Prov. Quebec 6pc 1990	97	97½
Rautaruukki 5½pc 1988	95	95½
Spain 6pc 1988	95½	96
Trondheim 5½pc 1988	96½	97
TVO Power Co. 6pc 1988	96½	97½
Venezuela 6pc 1988	97	97½
World Bank 5½pc 1990	97½	98½
FLOATING RATE NOTES		
Bank of Tokyo 1984 8½pc	99½	100
BFCE 1984 8½pc	99½	99¾
BNP 1983 8 1/16pc	100½	100⅝
CCF 1985 8½pc	[illegible]	[illegible]
CGMF 1984 8 1/16pc	[illegible]	[illegible]
Gt. Eastern 1984 8½pc	[illegible]	[illegible]
GZB 1984 8¼pc	[illegible]	[illegible]
Intl. Westminster 1984 8pc	[illegible]	[illegible]
Lloyds 1983 8 1/16pc	[illegible]	[illegible]

Source: White Weld Securities.

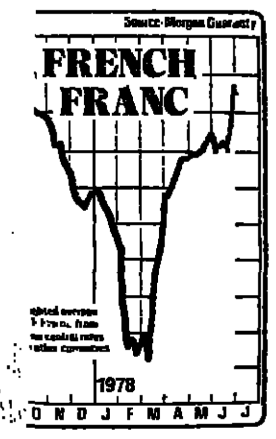
CONVERTIBLES	Bid	Offer
American Express 4¼pc '87	81¼	83
Ashland 5pc 1988	92½	94
Babcock & Wilcox 6½pc '97	103	104
Beatrice Foods 4½pc 1992	96½	98
Beatrice Foods 4½pc 1992	108½	110
Beecham 6½pc 1992	95	96
Borden 5pc 1992	98½	100
Broadway Hale 4½pc 1987	75½	77
Carnation 4pc 1987	78	79½
Chevron 5pc 1988	125	126½
Dart 4½pc 1987	79	80½
Eastman Kodak 4½pc 1988	83	84½
Economic Labs. 4½pc 1987	77½	79
Firestone 5pc 1988	80½	82
Ford 5pc 1988	85½	87
General Electric 4½pc 1987	79½	81
Gillette 4½pc 1987	74½	76
Gould 5pc 1987	114½	116
Gulf and Western 5pc 1988	95½	97
Harris 5pc 1992	177	179
Honeywell 6pc 1986	85	86½
ICI 6½pc 1992	88	89
INA 6pc 1997	96	97½
Inchcape 6½pc 1992	112	113
ITT 4½pc 1987	77½	79
Jusco 6pc 1992	114½	115½
Komatsu 7½pc 1990	140½	141½
J. Ray McDermott 4½pc '87	150½	152½
Matsushita 6½pc 1990	178½	179½
Mitsui 7½pc 1990	131½	132½
J. P. Morgan 4½pc 1987	95½	97
Nabisco 5½pc 1988	104½	106
Owens Illinois 4½pc 1987	111	112½
J. C. Penney 4½pc 1987	76	77½
Revlon 4½pc 1987	120	121½
Reynolds Metals 5pc 1988	81½	83
Sandvik 6½pc 1988	108½	110½
Sperry Rand 4½pc 1987	91	92½
Squibb 4½pc 1987	81	82½
Texaco 4½pc 1988	77½	79
Toshiba 6½pc 1992	132½	133½
Ty Co. 5pc 1984	76½	78
Ty Co. 8½pc 1988	101	102
Union Carbide 4½pc 1982	94	95½
Warner Lambert 4½pc 1987	80	81½
Warner Lambert 4½pc 1988	76½	78
Xerox 5pc 1988	76½	78

Source: Kidder, Peabody Securities.

urrency, Money and Gold Markets

lling pressure eakens dollar

. dollar continued to yesterday's foreign ex- ket. Trading was mod- d of today's Indepen- holiday in the U.S. and came under some sell- re. The more notable : made by the Japan- nd the French franc. : touched a record high one point before eas- y to close at Y202.30, '203.55 previously. The ne seemed to be bene- speculation surround- ssibility of some Euro- ency realignment and



against the dollar to rom Fr4.50 on Friday. currencies were moder- ner against the dollar trade weighted average ion as calculated by Guaranty of New York, rates, widened to 7.5 per n 7.2 per cent. The Swiss ned to Swfr 1.8320 from .8500 while the West mark also improved in rms to DM 2.0625 against 20. The dollar's decline d in spite of the recent .S. interest rates.

g opened at $1.8540-1.8550 roved at the expense of r to $1.8680-1.8690, which best level for the day. ng rate of $1.8670-1.8680 an improvement from [75 points.

d sterling was marginally firmer with the discount for six-month sterling against the dollar narrowing to 3.63c from 2.65c while the 12-month improved to 5.10c against 5.15c. Using Bank of England figures, the pounds trade weighted index was unchanged at 61.5, having been easier during the morning at 61.3.

TOKYO—The U.S. dollar continued to weaken against the yen in fairly active trading, closing at Y203.325 against Y204.475 on Friday. After opening at Y203.70, the U.S. currency fell to a record low of Y202.80 and the Bank of Japan intervened in an attempt to stabilise conditions. During the afternoon, selling pressure seemed to subside a little with some dollar purchases being made ahead of today's U.S. public holiday. Trading in the spot market was active at about $466m while combined forward and swap dealings amounted to $555m.

BRUSSELS—Rumours surrounding a possible new structure of European currencies seem very hard to dismiss, despite strenuous denials by various official sources. The Belgian franc has suffered at the hand of recent speculation and was fixed yesterday at BFr 15.765 against the West German mark, its lowest permitted level within the present "snake." The franc also lost ground against the Swiss franc and was fixed at BFr 17.712. On the other hand the dollar failed to make any impression and, together with the French franc and sterling, lost ground to the Belgian currency.

FRANKFURT—The dollar fell to its lowest point since April 28 in very nervous trading. Towards the close it had eased to DM2.0635 from DM2.0682 at the fixing. The U.S. currency was generally weaker, mainly on renewed fears about the U.S. inflation rate. The Bundesbank trade-weighted mark *revaluation index* rose to 145.5 from 145.3, up 8.9 per cent from the end of 1976 and 0.7 per cent from the end of 1977.

MILAN — The lira improved against most major currencies and was fixed at L851.45 from L854.6 at the fixing in terms of the U.S. dollar.

THE POUND SPOT

July 3	Bank rate %	Day's Spread	Close
U.S. $	7¼	1.8540-1.8690	1.8670-1.8680
Canadian $	8½	2.0855-2.0865	2.0870-2.0880
Guilder	4	4.15½-4.16½	4.15-4.16
Belgian Fr.	5½	60.55-60.65	60.75-60.85
Danish Kr.	8	10.46½-10.52	10.50½-10.51½
D-Mark	3	3.84-3.87	3.85-3.86
Port. Esc.	18	84.30-85.50	84.85-85.35
Span. Pes.	8	146.10-146.80	146.70-146.80
Lira	11½	1,584-1,590	1,589-1,590
Nrwgn. Kr.	7	10.01½-10.07½	10.06½-10.07½
French Fr.	9½	8.54-8.59	8.56½-8.57½
Swedish Kr.	7	8.48½-8.52	8.50½-8.51½
Yen	3½	372-382	377½-379½
Austria Sch	4½	27.70-27.86	27.72-27.82
Swiss Fr.	1	3.41½-3.44	3.42-3.43

Belgian rate is for convertible francs. Financial francs 60.65-60.85.

FORWARD AGAINST £

One month	% p.a.	Three months	% p.a.
0.50-0.40c pm	2.88	1.38-1.28c pm	2.85
0.55-0.45c pm	2.88	1.40-1.30c pm	2.57
2¼-1¼ c pm	5.50	7⅝-6⅝ c pm	6.92
50-20 c pm	4.35	90-60 c pm	5.59
1½-3½ ore dis	-2.8	5½-7½ ore dis	-2.47
3½-2½ pf pm	9.17	9½-7½ pf pm	8.17
55-135 c dis	-11.95	125-475 c dis	-14.10
par-100 c dis	-4.08	50-175 c dis	-3.07
1 lire pm-1 dis	par	2 lire pm-1 dis	-0.15
2-2½ ore dis	-1.48	1¼-3¼ ore dis	-0.99
1½-½ c pm	1.05	3½-2½ c pm	1.45
1¼ ore pm-¼ dis	0.70	3½-1½ ore pm	1.29
3.05-2.80y pm	9.19	8.55-8.00 y pm	8.54
17-7 gro pm	5.18	42-32 gro pm	5.35
3½-2½ c pm	9.20	8½-7½ c pm	8.54

Six-month forward dollar 2.68-2.58c pm. 12-month 5.15-5.05c pm.

THE DOLLAR-SPOT

July 3	Day's spread	Close
Canad'n $*	89.03-89.06	89.03-89.08
Guilder	2.2254-2.2300	2.2250-2.2264
Belgian Fr	32.57-32.66	32.57-32.59
Danish Kr	5.6265-5.6330	5.6265-5.6280
D-Mark	2.0665-2.0720	2.0665-2.0675
Port. Es	—	45.55-46.65
Lira	851.00-853.70	851.00-851.25
Nrwgn. Kr	5.3890-5.3945	5.3915-5.3925
French Fr	4.4840-4.5200	4.4840-4.4860
Swedish Kr	4.5575-4.5680	4.5595-4.5605
Yen	202.30-203.15	202.60-202.80
Austria Sch	—	14.92-14.93
Swiss Fr	1.8350-1.8473	1.8358-1.8360

* U.S. cents per Canadian $.

FORWARD AGAINST $

One month	% p.a.	Three months	% p.a.
0.02-0.04c pm	0.36	0.07-0.09c pm	0.35
0.83-0.78c pm	3.93	2.26-2.21c pm	3.92
7.5-6.5c pm	2.37	24-22c pm	2.79
—		—	
0.93-0.88pf pm	4.76	2.80-2.75pf pm	5.26
—		—	
1.75-2.05lire dis	-3.07	5.25-6.25lire dis	-3.33
—		—	
0.85-0.95c dis	-1.99	1.90-2.10c dis	-1.51
—		—	
1.10-1.00y pm	5.53	3.10-2.95y pm	5.62
—		—	
1.11-1.06c pm	6.40	3.25-3.20c pm	6.83

CURRENCY RATES

July 3	Special Drawing Rights	European Unit of Account
Sterling	0.66611	0.669216
U.S. dollar	1.24183	1.24691
Canadian dollar	—	1.39984
Austrian schilling	18.5895	18.5782
Belgian franc	40.4930	40.6585
Danish krone	6.99647	7.02342
Deutsche Mark	2.56835	2.57941
Guilder	2.76369	2.77580
French franc	5.57892	5.60086
Lira	1057.42	1061.48
Yen	252.464	252.741
Norwegian krone	6.69346	6.72041
Peseta	97.6327	97.9722
Swedish krona	5.66188	5.68650
Swiss franc	2.28683	2.29553

CURRENCY MOVEMENTS

July 3	Bank of England Index	Morgan Guaranty changes %
Sterling	61.53	-41.4
U.S. dollar	86.81	-7.5
Canadian dollar	84.84	-12.8
Austrian schilling	140.86	+18.3
Belgian franc	109.95	+11.5
Danish krone	114.38	+5.3
Deutsche Mark	140.58	+35.8
Swiss franc	184.45	+77.6
Guilder	120.16	+17.9
French franc	99.68	-3.5
Lira	56.37	-46.2
Yen	146.23	+44.5

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

OTHER MARKETS

	£	$		£ Notes Rate
Argentina Peso	1,469-1,473	786.61-788.75	Austria	28-29
Australia Dollar	1.6190-1.6290	0.8700-0.8715	Belgium	60-61½
Finland Markka	7.88-7.90	4.2360-4.2380	Denmark	10.30-10.45
Brazil Cruzeiro	33.03-34.03	17.70-18.22	France	8.35-8.50
Greece Drachma	67.733-69.405	36.27-37.16	Germany	3.80-3.90
Hong Kong Dollar	8.64-8.65½	4.6460-4.6480	Italy	1560-1590
Iran Rial	127-133	68.00-71.22	Japan	380-390
Kuwait Dinar (KD)	0.503-0.513	0.2700-0.2747	Netherland	4.05-4.15
Luxembourg Franc	60.70-60.80	32.53-32.55	Norway	9.85-10.00
Malaysia Dollar	4.3940-4.4440	2.3635-2.3650	Portugal	80-84
New Zealand Dollar	1.8030-1.8130	0.9700-0.9718	Spain	1.43-1.46
Saudi Arabia Riyal	6.33-6.44	3.39-3.45	Switzerland	3.40-3.50
Singapore Dollar	4.3095-4.3295	2.3175-2.3185	United States	1.84-1.86
South African Rand	1.611154-1.628016	0.8627-0.8718	Yugoslavia	34-36

Rate given for Argentina is free rate.

-CURRENCY INTEREST RATES*

	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss Franc	W. German Mark	French Franc	Italian Lira	Asian $	Japanese Yen
m......	10½-11	7¼-8¼	7¾-8	4¼-4½	2-2¼	3⅝-3½	11½-12	—	—	1⅛-1⅞
otice.	10½-11	7¼-8¼	7⅞-8¼	4¼-4½	1¾-2	3⅜-3½	10⅜-10⅝	10-11	8-8⅛	1½-1¾
......	10⅝-11⅛	7⅝-8	8⅛-8⅜	4¼-4½	1¹⁄₁₆-1¹⁄₁₆	3⅜-3½	10⅜-10⅝	10½-11½	8⅛-8⅛	2¼-2⅝
nths...	11½-11⅞	8-8⅜	8⅜-8⅞	4⅛-4¾	1⅝-1¾	3⅜-3½	10⅜-10⅝	11-12	8⅝-8¾	2⅜-2½
s......	12⅜-12½	8½-8⅞	9⅛-9⅜	5⅛-5⅜	2⅛-2⅜	3½-3⅝	10⅝-10⅞	11¾-12¾	9⅛-9⅜	3⅛-3⅜
......	12¼-12⅝	8¾-9⅛	9⅛-9⅜	5⅜-5⅞	2⅛-2⅜	3⅛-3⅜	11⅛-11⅜	13-14	9¼-9⅝	4⅛-4⅞

following nominal rates were quoted for London dollar certificates of deposit: One month 8.10-8.20 per cent; three months 8.35-8.45 per cent; six month per cent; one year 9.00-9.10 per cent.

term Eurodollar deposits: two years 9⁷⁄₁₆-9⁹⁄₁₆ per cent; three years 9¾-9 per cent; four years 9⁹⁄₁₆-9¹¹⁄₁₆ per cent; five years 9¾-9½ per cent. * Rates are closing rates.

term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs. Asian rates are closing rates in

-IANGE CROSS-RATES

y 3	Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
ling	1.	1.868	3.855	378.5	8.370	3.425	4.155	1590.	2.098	60.80
	0.535	1.	2.064	202.7	4.482	1.834	2.225	851.1	1.123	32.56
lark	0.259	0.484	1.	98.18	2.171	0.888	1.078	412.3	0.544	15.77
en 1,000	2.642	4.934	10.18	1000.	22.11	9.049	10.98	4199.	5.542	160.6
ne 10	1.195	2.231	4.606	452.2	10.	4.092	4.964	1899.	2.506	72.64
	0.292	0.545	1.126	110.5	2.444	1.	1.213	464.1	0.612	17.75
der	0.241	0.449	0.928	91.10	2.014	0.824	1.	382.6	0.505	14.63
1,000	0.629	1.175	2.425	238.1	5.266	2.155	2.614	1000.	1.320	38.25
ollar	0.477	0.890	1.838	180.5	3.990	1.633	1.981	757.8	1.	28.99
ne 100	1.645	3.072	6.340	622.5	13.77	5.633	6.834	2614.	3.450	100.

ERNATIONAL MONEY MARKET

ed acts on rates rise

.S. Federal Reserve made 1 three-day repurchase n the New York money yesterday, following a per cent in bank prime rates and an increase to nt in the Federal Reserve iscount rate on Friday. as seen as a further to reduce the upward on U.S. interest rates as Funds traded at around r cent.

ry bill rates were y lower, however, with bills easing to 6.94 per om 6.99 per cent late and 26-week bills to 7.35 from 7.38 per cent. One- s were unchanged at 7.71 t.

onth certificates of fell to 7.80 per cent bid 82 per cent late Friday. -month paper rose to 7.95 t from 7.92 per cent, and nth to 8.15 per cent from cent.

FRANKFURT—Interbank money market rates were slightly easier for the shorter periods, with call money quoted at 3.55 per cent, compared with 3.6 per cent on Friday. One-month funds eased to 3.6 per cent from 3.65 per cent, and three-month to 3.7 per cent from 3.75 per cent. Six-month money was firmer, however, rising to 3.95 per cent from 3.8 per cent.

PARIS — Short-term money market rates eased, with day-to-day money falling to 7⅝ per cent from 7¾ per cent on Friday. The one-month rate declined by ⅛ per cent to 7¹⁵⁄₁₆ per cent, while three-month was unchanged at 8⅛ per cent. Six-month money rose by ⅛ per cent to 8¹¹⁄₁₆ per cent, and 12-month was quoted at 9⅞ per cent, compared with 9¼ per cent before the weekend.

AMSTERDAM—Call money was slightly firmer at 4⁷⁄₁₆ per cent, following the rise in the official call money rate to 4½ per cent from 2½ per cent on Friday. The latest upward trend followed tighter market conditions because of tax payments and demand for funds for holidays. One-month funds were unchanged at 4¾-4½ per cent, while three-month were quoted at 4¾-4⅞ per cent, compared with 4⅜-4⅝ per cent before the weekend, and six-month at 5¼-5½ per cent, against 5¼-5⅜ per cent.

BRUSSELS—Call money eased slightly to 5.20 per cent from 5.50 per cent, with one-month at 5⅜-5½ per cent; three-month 5¾-6 per cent; six-month 6⅜-6⅝ per cent; and 12-month 7¼-7⅜ per cent.

HONG KONG—Money market conditions were tight. Call and overnight money were dealt at 4⅞ per cent and 4⅝ per cent respectively.

GOLD

Little change

Gold showed little movement in the London bullion market and closed $½ firmer at $183¾-184¼. The metal opened at $182¾-183¼ and improved at the morning fixing to $183.0. The rate no *doubt reflected the weaker trend* of the U.S. dollar and the afternoon fixing showed a further improvement to $183.25.

A further rise in gold was predicted by stockbrokers Buckmaster and Moore, in their latest gold share guide, which maintained that a continued upward trend in the metal seemed to be the most likely course.

	July 3	June 30
Gold Bullion (a fine ounce)		
Close	$183¾-184¼	$183-183½
Opening	$182¾-183¼	$182¾-183¼
Morning fixing	$183.00 (£98.451)	$183.20 (£98.452)
Afternoon fixing	$183.25 (£98.183)	$183.05 (£98.495)
Gold Coins domestically		
Krugerrand	$191½-193½ (£102½-103½)	$191½-193½ (£102½-103½)
New Sovereigns	$55-57 (£29½-30½)	$54¾-56¾ (£29¼-30¼)
Old Sovereigns	$55¾-57¾ (£29¾-29¾)	$55¾-55¾ (£29-30)
Gold Coins internationally		
Krugerrand	$189-191 (£101½-102½)	$188½-190½ (£101½-102½)
New Sovereigns	$53-55 (£28½-29½)	$52¾-54¾ (£28-29½)
Old Sovereigns	$55½-55¾ (£29½-29¾)	$55¾-56¾ (£29-30)
$20 Eagles	$276½-278½	$276½-278½
$10 Eagles	$142-146	$143-146
$5 Eagles	$100½-102½	$99½-101½

MONEY MARKET

nexpected shortage

: of England Minimum ling Rate 10 per cent since June 8, 1978)

dequate supply of day-to- dit was expected in the money market yesterday. ; did not prove to be the nd the authorities were upon to give a large of assistance. They a moderate number of y bills from the discount and lent a small sum to two houses overnight at f England Minimum Lend- .e of 10 per cent.

Repayment of almost £223m of special deposits to the Bank of England, representing ½ per cent of the 1½ per cent temporarily released last month, to ease tight conditions created by heavy demand for gilt-edged stock, was a major factor behind the shortage, plus a fairly large net take-up of Treasury bills and a slight rise in the note circulation.

According to the authorities this should have been balanced however by surplus balances carried over the week-end by the banks, and a very substantial excess of Government disbursements over revenue payments to the Exchequer, but even after *the large amount of assistance*, discount houses still had to pay up to 9½ per cent for closing balances.

Some houses may have picked up small sums at around 8 per cent, during the day, while in the interbank market overnight loans opened at 10-10½ per cent, and closed at 9-9½ per cent.

Rates in the table below are nominal in some cases.

ON MONEY RATES

3	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposit	Discount market deposit	Treasury Bills ф	Eligible Bank Bills ф	Fine Trade Bills ф
						10¼	8-10	—	—	—
d......	—	9-10¼	—	—	—	—	—	—	—	—
days...	—	—	9⅞-10	—	—	10⅜	—	—	—	—
	—	—	—	—	—	—	9½-9¾	—	—	—
otice..	—	9⅞-10¼	9⅞-10	—	10⅛-10⅜	10⅜	9½-9⅝	—	—	—
th......	10-9⅞	9¾-10⅛	9⅞-10	10⅜-10	10¼	—	9½	9⅛-9¼	9½	10½
nths...	10⅛-9⅞	10-10¼	—	9⅞-9½	10½	10½	9½	9¼	9⅞	10½
onth...	10⅛-10	10½-10⅜	9⅞-10	9⅞-9½	10⅝	—	—	9⅛-9¾	9⅞	10⅝
th......	10⅛-10⅛	10⅜-10⅝	10-10⅛	9⅞-9½	10⅞-11⅛	—	—	—	10	10¾
nths...	10⅛-10⅜	10⅛-10⅝	—	10-9½	10⅞-11⅛	—	—	—	—	—
......	10½-10⅜	10⅛-10⅝	10¼-10⅜	10⅜-10	10⅞-11⅛	—	—	—	—	—
rs....	—	—	10¾-11⅛	—	—	—	—	—	—	—

l authority and finance houses seven days' notice, others seven days' fixed. Longer-term local authority mortgage rate y three years 11-11½ per cent; four years 11⅛-12¼ per cent; five years 12¼-12⅜ per cent. ф Bank bill rates in table are rate for prime paper. Buying rates for four-month bank bills 9¾-9¹⁵⁄₁₆ per cent; four-month trade bills 10¾ per cent. roximate selling rates for one-month Treasury bills 9¹⁄₁₆-9⅛ per cent; two-month 9³⁄₃₂-9⅛ per cent; and three-month 2 per cent. Approximate selling rate for one-month bank bills 9¹³⁄₁₆ per cent; and two-month 9¹¹⁄₁₆-9⅞ per cent; and also three ree-month 9²¹⁄₃₂-9²⁵⁄₃₂ per cent. One-month trade bills 10¾ per cent; two-month 10¾ per cent; and also three 10¾ per cent.

ance House Base Rates (published by the Finance Houses Association) 10 per cent from July 1, 1978. Clearing Bank Rates (for small sums at seven days' notice) 6½-7 per cent. Clearing Bank Base Rates for lending 10 per cent. y Bills: Average tender rates of discount 9.2726 per cent.

MONEY RATES

NEW YORK

Prime Rate	9
Fed Funds	8.125
Treasury Bills (13-week)	6.94
Treasury Bills (26-week)	7.35

GERMANY

Discount Rate	3
Overnight	3.55
One month	3.6
Three months	3.7
Six months	3.95

FRANCE

Discount Rate	9.5
Overnight	7.625
One month	7.8125
Three months	8.125
Six months	8.6875

JAPAN

Discount Rate	3.5
Call (Unconditional)	4.50
Bills Discount Rate	4.875

World Value of the Pound

The table below gives the latest available rates of exchange for the pound against various currencies on July 3, 1978. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Exchange in the UK and most of the countries listed is officially controlled and the rates shown should not be taken as being applicable to any particular transaction without reference to an authorised dealer.

Abbreviations: (S) member of the sterling area other than Scheduled Territories; (k) Scheduled Territory; (o) official rate; (F) free rate; (T) tourist rate; (n.c.) non-commercial rate; (n.a.) not available; (A) approximate rate no direct quotation available; (sg) selling rate; (bg) buying rate; (nom.) nominal; (exC) exchange certificate rate; (P) based on U.S. dollar parities and going sterling dollar rate; (Bk) bankers' rate; (Bas) basic rate; (cm) commercial rate; (cn) convertible rate; (fn) financial rate.

Sharp fluctuations have been seen lately in the foreign exchange market. Rates in the table below are not in all cases closing rates on the dates shown.

Place and Local Unit		Value of £ Sterling
Afghanistan	Afghani	80.80
Albania	Lek	10.1885
Algeria	Dinar	7.5419
Andorra	French Franc	8.39
	Spanish Peseta	146.75
Angola	Kwanza	n.a.
Antigua (S)	E. Caribbean $	5.0469
Argentina	Ar. Peso Free Ra	1.471
Australia (S)	Australian $	1.6240
Austria	Schilling	27.77
Azores	Portug. Escudo	85.10
Bahamas (S)	Ba. Dollar	1.8675
Bangladesh (S)	Taka	27.94(sg)
Bahrain (S)	Dinar	0.719
Balearic Isles	Spa. Peseta	146.75
Barbados (S)	Barbados $††	3.735
Belgium	B. Franc	(cm) 60.80
		(fn) 60.75
Belize	B $	3.735
Benin	C.F.A. Franc	428½
Bermuda (S)	Bda. $	1.8675
Bhutan	Indian Rupee	15.280(sg)
Bolivia	Bolivian Peso	37.35
Botswana (S)	Pula	1.5458
Brazil	Cruzeiro ‡‡	33.53
Br. Virgin Is. (S)	U.S. $	1.8675
Brunei (S)	Brunei $	4.3185
Bulgaria	Lev	1.6561
Burma	Kyat	12.7733
Burundi	Burundi Franc	166.076
Camero'n Rp	C.F.A. Franc	418½
Canada	Canadian $	2.0975
Canary Isle	Spanish Peseta	146.75
Cape Verde I.	Cape V Escudo	85.10
Cayman Is (S)	Cay. I. $	1.5565
Cent. Af. Rp.	C.F.A. Franc	418½
Chad	C.F.A. Franc	418½
Chile	C. Peso	(Bk) 51.08
China	Renminbi Yuan	3.1745
Colombia	C. Peso	(F) 71.12
Comoros Is.	C.F.A. Franc	418½
Congo (B'lle)	C.F.A. Franc	418½
Costa Rica	Colon	16.060
Cuba	Cuban Peso	1.4088
Cyprus (S)	Cyprus £	0.7040
Czechoslovak	Koruna	(com) 10.10
		(cn) 20.20
		(T) 17.5?
Denmark	Danish Krone	10.51¼
Djibouti	Fr.	305
Dominica (S)	E. Caribbean $	5.0469
Domin. Rep.	Dominican Peso	1.8675

Place and Local Unit		Value of £ Sterling
Ecuador	Sucre	(O) 46.41
		(F) 49.04
Egypt	Egyptian £	(O) 0.734
		(T) 1.27
Ethiopia	Ethiopian Birr	(P) 3.8701
Eq'l Guinea	Peseta	146.75
Falkland Is. (S)	Falkland Is. £	1.0
Faroe Is.	Danish Krone	10.51¼
Fiji Is.	Fiji $	1.5880
Finland	Markka	7.890
France	French Franc	8.37
Fr. C'ty in Af*	C.F.A. Franc	418½
Fr. Guiana	Local Franc	8.37
Fr. Pac. Is.	C.F.P. Franc	152.18
Gabon	C.F.A. Franc	418½
Gambia (S)	Dalasi	4.027
Germany (East)	Ostmark	3.85½
Germany West	Deutschmark	3.85½
Ghana (S)	Cedi	2.40(sg)
Gibraltar (K)	Gibraltar £	1.00
Gilbert Is.	Aust. Dollar	1.6240
Greece	Drachma	68.569
Greenland	Danish Kroner	10.51¼
Grenada (S)	E. Carribean $	5.0469
Guadaloupe	Local Franc	8.37
Guam	US $	1.8675
Guatemala	Quetzal	1.8675
Guinea Rep.	Sily	37.772
Guinea Bissau		85.2887
Guyana (S)	Guyanese $	4.762
Haiti	Gourde	9.3375
Honduras Rep	Lempira	3.74
Hong Kong (S)	H.K. $	8.64¾
Hungary	Forint	(com) 72.66
		(T)(nc) 56.55
Iceland (S)	I Krona	485.5
India (S)	Ind. Rupee	15.280(sg)
Indonesia	Rupiah	775·01
Iran	Rial	(A) 130
Iraq	Iraq Dinar	0.5462
Irish Rep (k)	Irish £	1.00
Israel	Israel £	33.5018
Italy	Lira	1,589½
Ivory Coast	C.F.A. Frank	418½
Jamaica (S)	Jamaica Dollar	2.8946
Japan	Yen	378½
Jordan (S)	Jordan Dinar	0.562(sg)
Kampuchea	Riel	2,241
Kenya (S)	Kenya Shilling	14.4094
Korea (Nth)	Won	1.6849(‖)
Korea (Sth)	Won	896.85
Kuwait (Sth)	Kuwait Dinar	0.508
Laos	Kip Pot Poi	375.5
Lebanon	Lebanese £	5.5784
Lesotho	S. African Rand	1.61959
Liberia	Liberian $	1.8675
Libya	Libyan Dinar	(P) 0.5529

Place and Local Unit		Value of £ Sterling
Liechtenstein	Swiss Franc	3.42½
Luxembourg	Lux Franc	60.80
Macao	Pataca	9.3291
Madeira	Portug'se Escudo	85.10
Malagasy Rp.	MG Franc	418½
Malawi (S)	Kwacha	1.5782
Malaysia (S)	Ringgit	4.4160
Maldive Is. (S)	Mal Rupee	7.339
Mali Rp.	Mali Franc	837
Malta (S)	Maltese £	0.7300
Martinique	Local Franc	8.37
Mauritania	Ouguiya ‡	84.7602
Mauritius (S)	M. Rupee	11.625
Mexico	Mexican Peso	42.49
Miquelon	C.F.A. Franc	418½
Monaco	French Franc	8.37
Mongolia	Tugrik	(O) 5.6444(‖)
Monserrat	E. Carribean $	5.0469
Morocco	Dirham	7.74(sg)
Mozambique	Moz. Escudo	62.148
Nauru Is.	Aust. Dollar	1.6240
Nepal	Nepalese Rupee	22.41
Netherlands	Guilder	4.15½
Neth. Ant'les	Antillian Guild.	3.3428
New Hebrides	Franc	135.27
	Austl. Dollar	1.6240
N. Zealand (S)	N.Z. Dollar	1.8080
Nicaragua	Cordoba	13.10
Niger Rp.	C.F.A. Franc	418½
Nigeria (S)	Naira	1.193046
Norway	Nrwg. Krone	10.07
Oman Sultanate of (S)	Rial Omani	0.641
Pakistan	Pkst. Rupee	18.325(sg)
Panama	Balboa	1.8675
Papua N.G. (S)	Kina	1.3190
Paraguay	Guarani	232.75
P'ple's D. Rp of Yemen (S)	S. Yemen Dinar	(A) 0.63776
Peru	Sol	exc(A) 287.66
Philippines	Ph. peso	13.74667
Pitcairn Is. (S)	£ Sterling	
	New Zealand $	1.8080
Poland	Zloty	(Cm) 60.20
		(T) 60.20
Portugal	Pgse. Escudo	85.10
Port Timor	Timor Escudo	85.10
Principe Isle.	Pgse. Escudo	85.10
Puerto Rico	U.S. $	1.8675
Qatar (S)	Qatar Ryal	7.19
Reunion Ile de la	French Franc	8.37
Rhodesia	Rhodesian $	1.2851

Place and Local Unit		Value of £ Sterling
Romania	Leu	(cm) 8.49
		(nc)T 22.79
Rwanda	Rwanda Franc	170.16
St. Christopher (S)	E. Caribbean $	5.0469
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	5.0469
St. Pierre	C.F.A. Franc	418½
St. Vincent (S)	E. Caribbean $	5.0469
Salvador El	Colon	4.66
Samoa (Am)	U.S. $	1.8675
San Marino	Italian Lire	1,589½
Sao Tome	Pgse. Escudo	85.10
Saudi Arabia	Ryal	6.39
Senegal	C.F.A. Franc	418½
Seychelles	S. Rupee	15.55
Sierra Le'ne (S)	Leone	2.0
Singapore (S)	Singapore $	4.3195
Solomon Is (S)	Solomon Is. $	1.6240
Somali Rep	Som Shilling	(A) 11.756
Sth. African (S)	Rand	1.61959
S. W. African Territories (S)	S. A. Rand	1.61959
Spain	Peseta	146.75
Span. Ports in North Africa	Peseta	146.75
Sri Lanka (S)	S. L. Rupee	29.01(sg)
Sudan Rp	Sudan £	(A) 0.7470
Surinam	S. Guilder	3.3428
Swaziland (S)	Lilangeni	1.61959
Sweden	S. Krona	8.51¼
Switzerland	Swiss Franc	3.42½
Syria	Syria £	(A) 7.3299
Taiwan	New Taiwan	(F) 70.96
Tanzania (S)	Tan. Shilling	14.405
Thailand	Baht	37.64(sg)
Togo Rp	C.F.A. Franc	418½
Tonga Is. (S)	Pa'anga	1.5274
Trinidad (S)	Trin. & Tobago	4.482
Tunisia	Tunisian Dinar	0.765(sg)
Turkey	Turkish Lira	45.75
Turks & C's	U.S. $	1.8675
Tuvalu	Australian £	1.6240
Uganda (S)	Ug. Shilling	14.30
United States	U.S. Dollar	1.8675
Uruguay	Uruguay Peso	(cm) 11.05
		(fn) 11.55
Utd. A'b Emis.	U.A.E. Dirham	7.19
U.S.S.R.	Rouble	1.27
Upper Volta	C.F.A. Franc	418½
Vatican	Italian Lire	1,589½
Venezuela	Bolivar	8.00
Vietnam (Nth)	Dong	(O) 4.4577
		(T) 4.1505(‖)
Vietnam (Sth)	Piastre	3.45487
Virgin Is. U.S.	U.S. Dollar	1.8675
Western Samoa (S)	Samoan Tala	1.12199
Yemen	Ryal	8.37(sg)
Yugoslavia	New Y Dinar	34.9946
Zaire Rp	Zaire	1.488674
Zambia	Kwacha	1.530

* That part of the French community in Africa formerly part of French West Africa or French Equatorial Africa.

† Rupees per pound.

‡ The Ouguiya has replaced the CFA franc. The exchange was made at a rate of CFA Fr 5 to one unit of the new currency.

§ General rates of oil and iron exports 78.435.

‖ Based on cross rates against Russian rouble.

** Rate is the Transfer market (controlled).

†† Rate is now based on 2 Barbados $ to the dollar.

‡‡ Now one official rate.

WORLD STOCK MARKETS

Wall St. 6 lower after very limited trade

INVESTMENT DOLLAR PREMIUM

STOCKS ON Wall Street continued in easier vein yesterday in a very limited business, many investors being absent in an isolated trading session between a week-end and to-day's U.S. Independence Day holiday.

The Dow Jones Industrial Average declined 6.06 to 812.89 and the NYSE All Common Index receded 20 cents to $53.46, while losses outnumbered gains by 752 to 563. Turnover contracted sharply from last Friday's level of 18.11m shares to 11.56m, the lowest full day's volume since October 10, 1977, when 10.58m shares changed hands.

Brokers said that rising interest rates were in part responsible for the day's losses. Both the Prime rate and the discount rate were raised on Friday.

Inflation is another market problem, analysts added. The Government reported on Friday that the price index for all urban consumers rose at an adjusted 10.8 per cent annual rate in May, the same as in the previous month.

Yesterday, the Government announced that its index of leading economic indicators declined 0.1 per cent in May after an upward revised 1 per cent rise in April. The index is an important indicator of future economic activity.

The dollar dropped sharply in Europe against all major currencies, accountig for some foreign selling of U.S. shares.

International Business Machines closed a net $1¼ down at $256⅞ after being off $3 atone point—it has called for a mis-trial in its suit with Memorex because of the inability of the jury to reach a verdit. Memorex lost $1½ to $44¼.

Chessie System, despite reporting lower second-quarter net profits, picked up ½ to $30½.

Ramada Inns, the volume leader, eased ⅛ to $8¼. Pepsico, in second place, slipped ⅝ to $29⅛—trading included a block of 88,000 shares at $29¼.

Eastman Kodak shed ⅞ to $52⅛ in active trading, including a block of 51,600 at $52⅞. Black and Decker eased ¼ to $18⅝—a block of 107,000 shares changed hands.

General Dynamics fell 2⅞ to $73¼—the company has boosted its bid for American Telecommunications to $23.50 a share from $21.75. The latter eased ⅛ to $22⅛ bid in over-the-counter trading.

Rowan receded 1⅜ to $22⅛—Chicago Bridge and Iron has cut its offer for Rowan to $24.50 a share from $26. Chicago Bridge were unchanged at $53½.

Frigitronics gained 1⅞ to $15⅛.

THE AMERICAN SE Market Value Index was just 0.01 easier at 145.54 after reduced trading volume of 1.55m shares (2.30m), while losses on the exchange held an edge over rises of 265 to 240.

Husky Oil led the actives list and rose $⅜ to $35. Midland Glass in an active turnover, jumped $1¼ to $21, while Resorts International "A," also active, gained $2½ to $73¼.

International Systems and Controls picked up $1 to $26½—it has obtained an extension of its revolving credit agreement that was to have expired on July 1. Key Corporation rose $1⅛ to $7½ and Risdon Manufacturing $2¼ to $13½.

Tokyo

Market made further progress, with active selective buying concentrated on medium and low-priced issues. The Nikkei-Dow Jones Average was lifted 33.90 points to a new postwar peak of 5,562.97, while the Tokyo SE index rose 1.07 to 418.42. Trading volume amounted to 290m shares.

Brokers said Investment Trusts and other financial institutions appeared to be actively buying stocks, with sentiment being helped by an increase in construction orders for May and an improved May job ratio. The continued yen appreciation hardly affected the market as many investors had anticipated the foreign exchange market movement.

Public Works issues strengthened in anticipation of a further increase in Government spending, while Pharmaceuticals, Foods, Real Estates and some populars were in demand. Export-oriented shares, however, closed mixed, with Sony down Y40 at Y1,690 and Nissan Motor Y8 off at Y797 but Matsushita Electric Y3 up at Y730.

Kokusai Denshin Denwa put on Y120 to Y3,980, Shiseido Y70 to Y1,250, Hakone Tozan Railway Y67 to Y370, Nippon Hodo Y50 to Y1,210, Matsushita Reiki Y46 to Y1,040, Daisue Construction Y41 to Y214, Fujisawa Pharmaceutical Y40 to Y1,060 and Kaken Chemical Y40 to Y1,320.

On the other hand, Nippon Television Network receded Y90 to Y6,300, Tokyo Style Y30 to Y875, Crown Radio Y26 to Y136 and Tokyo Keiki Y25 to Y515.

Australia

News that the Federal Government is dropping plans for a resources tax sent Minings and Oils strongly forward, while Industrials were inclined to improve.

BHP rose 40 cents to a new 1978 high of A$7.26.

Among Uraniums, Pancontinental moved ahead A$1.60 to A$14.50, Queensland Mines 20 cents to A$2.70, Peko-Wallsend 30 cents to A$5.50, EZ Industries 15 cents to A$2.50 and Kathleen Investments 12 cents to A$2.17.

Elsewhere in Minings, Utah, A$4.07, and CRA, A$2.50, advanced 7 cents apiece, while Northern Mining, A$1.35, Consolidated Goldfields, A$3.20, and Coal and Allied, A$4.10, each gained 10 cents. Western Mining put on 6 cents to A$1.63, Hamersley 5 cents to A$2.30 and Ocean Resources 2 cents to 24 cents.

In the Oils sector, Beach Petroleum added 7 cents at 53 cents and Australian Oil and Gas 4 cents at 50 cents.

However, Stores provided a dull spot in Woolworths, down 3 cents at A$1.38, while elsewhere, Associated Pulp and Paper receded 4 cents to A$1.24.

Paris

Share prices remained firmer-inclined in light trading. Brokers said the buying appeared to be a carry-over from last Friday's session. A statement by French President Valery Giscard D'Estaing in Madrid on Friday to the effect that the franc would not rejoin the European monetary arrangement, or snake, in its present form had not sapped investor enthusiasm, market observers noted.

Although most sectors were higher at the close, declines predominated among Foods, Mechanicals, Electricals and Metals, while Stores were mixed.

Paribas improved 32 to FFr 164.2, CIT Alcatel 34 to FFr 1,044, Afrique Occidentale 9.5 to FFr 365.0 and Jaques Borel 6 to FFr 122.

However, notable losses occurred in Pechelbrown, Carrefour, Generale de Fonderie, Machines Bull and Marine-Wendel.

Germany

Further gains were recorded in an active business, the Commerzbank index finishing 2.2 higher at 794.0.

Commerzbank rose DM 4.40 in leading Banks, while Volkswagen moved ahead DM 3.20 in Motors. Stores had Neckermann DM 6.70 higher, Schering advanced DM 4.80 in Chemicals, and in Steels, Mannesmann firmed DM 2.50. Electricals, however, were little changed.

Public Authority Bonds were irregular, with gains extending to 30 pfennigs and losses ranging to 20 pfennigs. The Regulating Authorities sold a nominal DM 1.2m of paper, compared with sales of DM 1.1m on Friday. Mark Foreign Loans were little changed in minimal trading.

Hong Kong

Market continued last week's uptrend, with active interest centred on Blue Chips and selected Property issues. There was good support from local investors, while some Overseas buying was also noted. The Hang Seng index advanced 10.40 to 567.28, its highest level since November 22, 1973. Turnover on the four exchanges totalled HK$186.98m, compared with HK$177.45m last Friday.

Hong Kong Land rose 60 cents to HK$10.60, while Hong Kong Bank and Jardine Matheson each rose 40 cents to HK$18.50 and HK$16.20 respectively. Swire Pacific added 30 cents at HK$8.60, and gains of 20 cents apiece were recorded in Hutchison Whampoa, HK$6.40, and Wheelock Marden, HK$3.55.

Among the Property stocks, Cheong Kong firmed 20 cents to HK$9.00, Swire Properties 5 cents to HK$3.75, New World 2.50 cents to HK$2.30 and Hong Kong Wharf HK$1 to HK$23.70.

Canada

Stock markets were closed yesterday for Canada Day.

Switzerland

Stock prices drifted easier over a fairly broad front in thin trading.

Swissair Bearer fell 19 to SwFrs 811 following the IATA decision to allow airlines lower fares.

Domestic Bonds were steady, while Foreign Bonds were irregular.

Amsterdam

Stocks were mixed with a lower bias.

Weak shares included Heineken, 4.0 off at Fl98.5, Nationale Nederlanden, 3.6 down at Fl98.4, Ballast Nedam and Hollandse Beton Groep. In contrast, Ennia put on 3.0 to Fl133.0, Gist Brocades 1.1 to Fl35.8 and KLM 1.7 to Fl 145.2.

State Loans weakened.

Milan

Bourse prices tended to lose ground in slow trading due mainly to the uncertain political situation.

Some secondary issues, however, showed marginal gains on technical reasons.

Brussels

Market put on a mixed performance in moderate trading.

Siro, Electrobel, Hoboken, Petrofina and ACEC rose, but Electrofina, Asturienne, Union Miniere, Vielle Montagne, Cockerill, Clabecq, Hainaut Sambre and Gavaert retreated.

NEW YORK

Stock	July 3	June 30
Abbott Labs	32	32⅝
Addressograph	20¾	20¾
Aetna Life & Cas.	39¾	40⅛
Air Products	28	27¾
Alcan Aluminium	27	27
Alcoa	41½	42¼
Alleg. Ludlum	17¼	17¼
Corning Glass	57⅞	56⅛
CPC Int'n'tional	48¾	49⅝
Crane	28½	28¾
Crocker Nat	25⅞	25⅞
Crown Zellerbach	31⅛	31¾
Cummins Engine	37⅝	36⅞
Curtiss Wright	16½	16⅝
Dana	27¾	27⅞
Dart Industries	42⅝	42⅝
Johns Manville	30½	30¾
Johnson Johnson	81½	81¾
Johnson Control	26½	26⅜
Joy Manufactur'g	32¾	33
K. Mar Corp	24¼	24½
Kaiser Alumini'm	31⅞	32⅛
Kaiser Industries	2	2⅛
Kaiser Steel	24⅝	24⅝
Kay	12⅝	12½
Revlon	48	48¼
Reynolds Metals	28⅝	28⅜
Reynolds R. J.	56½	57⅛
Rich'son Merrell	25⅜	25⅜
Rockwell Inter	31⅝	31⅞
Rohm & Haas	32¾	32⅞
Royal Dutch	58½	58¾
RTE	14⅜	14½
Woolworth	19	19
Wyly	3⅞	3⅞
Xerox	51⅞	52⅝
Zapata	15⅝	15¾
Zenith Radio	13⅝	14
U.S. Treas 4% 1980	†94¾	†94⅞
U.S. Treas 4¼% 75/85	†79⅞	†79⅞
U.S. 90 day bills	6.93%	7.00%

Stock	July 3	June 30
Westinghse Elec	21¼	21½
Westvaco	25⅜	25⅜
Weyerhaeuser	24⅞	24¾
Whirlpool	22⅛	22¾
White Con. Ind.	22⅝	22⅛
William Co.	18⅝	18¼
Wisconsin Elect	28	27¾
Union Gas	11¼	11¼
Walker Hiram	32	32¼
West Coast Trans	11⅛	11⅛
Weston Geo.	17	17

† Bid. ‡ Asked. § Traded. ¶ New stock.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax. ◆ DM50 denom. unless otherwise stated, yields based on net dividends plus tax. ♥ Ptas 500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ○ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. ‡ Traded. § Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

GERMANY ◆

July 3	Price Dm.	+ or −	Div. %	Yld. %
AEG	77.5	−0.5	—	—
Allianz Versich	477	......	31.2	3.2
BMW	246.5	+1.5	28.08	5.8
BASF	129	+0.2	18.76	7.3
Bayer	134	−1	18.75	7.1

TOKYO ¶

July 3	Prices Yen	+ or −	Div. %	Yld. %
Asahi Glass	332	−4	14	2.1
Canon	466	......	12	1.3
Casio	678	−1	25	1.8
Chinon	400	+25	20	2.5
Dai Nippon Print	543	+3	18	1.7

Indices

NEW YORK—DOW JONES

	July 3	June 29	June 28	June 27	1978 High	1978 Low	Since Comp. High
Industrial	812.89	825.02	818.95	821.64	818.31	817.31	[illegible]
H'me Bonds*	87.22	87.59	87.34	87.80	87.55	87.46	[illegible]
Transport	219.32	218.61	219.66	218.82	218.69	217.58	[illegible]
Utilities	105.58	104.65	104.94	104.80	104.52	104.30	[illegible]
Trading vol. 000's	11,560	22,550	18,100	21,880	24,260	22,290	—

*Basis of index changed from August 24

	June 30	June 23	June 16	Year ago (approx.)
Ind. div. yield %	5.71	5.66	5.58	4.83

STANDARD AND POORS

	June 28	June 21	June 14	Year ago (approx.)
Ind. div. yield %	5.11	5.07	4.90	4.5
Ind. P/E Ratio	9.04	9.11	9.44	10.2
Long Govt. Bond yield	8.57	8.62	8.44	7.5

N.Y.S.E. ALL COMMON

July 3	June 30	June 29	June 28	1978 High	1978 Low
53.46	53.66	53.69	53.58	56.20 (6/6)	48.37 (6/3)

Rises and Falls	July 3	June 30
Issues traded	1,786	1,832
Rises	563	687
Falls	752	671
Unchanged	471	474
New Highs	10	18
New Lows	25	18

EUROPEAN OPTIONS EXCHANGE

Series		July Vol.	July Last	Oct. Vol.	Oct. Last	Jan. Vol.	Jan. Last	Stock
AKZ	F27.50	—	—	—	—	4	4.80	F29.50
AKZ	F30	—	—	—	—	5	3.30	,,
AKZ	F32.50	—	—	1	1.30	30	2.20	,,
ARB	F75	—	—	20	3.50	—	—	F75.80
EK	$60	—	—	20	3.50	1	3	$53
FNC	$20	—	—	—		3	4½	$23⅜
FNC	$25	—	—	—		2	1½	,,
GM	$50	10	9⅝	—	—	—	—	$59¾
GM	$60	10	¾	—	—	—	—	,,
HO	F32.50	—	—	—	—	1	4.50	F32.90
IBM	$260	8	3⅝	—	—	—	—	$257
IBM	$280	10	¼	—	—	4	8	,,
KLM	F150	—	—	6	10.50	5	15.50	F145.60
KLM	F160	42	1.40	3	7	6	11	,,
KLM	F170	5	0.60	—	—	—	—	,,
KLM	F180	5	0.40	5	4.30	1	7	,,
KLM	F190	—	—	—	—	10	6	,,
KLM	F200	225	0.20	40	2.70	5	4	,,
KLM	F220	—	—	—	—	7	2.80	,,
NN	F98.90	—	—	1	4	2	6	F98.40
NN	F108.90	1	0.30	1	1	8	2	,,
NN	F118.90	—	—	1	0.60	11	1.50	,,
PHI	F25	18	1.40	15	1.80	2	3.30	F26.20
PHI	F27.50	—	—	—	—	10	1.60	,,
PRD	$40	—	—	—	—	4	3½	$35¾
RD	F120	—	—	—	—	5	12	F130.60
UNI	F130	—	—	5	1	—	—	F120.70
		Aug.		Nov.		Feb.		
BA	$50	—	—	2	6⅞	—	—	$52½

BASE LENDING RATES

A.B.N. Bank	10 %
Allied Irish Banks Ltd.	10 %
American Express Bk.	10 %
Amro Bank	10 %
A P Bank Ltd.	10 %
Henry Ansbacher	10 %
Banco de Bilbao	10 %
Bank of Credit & Cmce.	10 %
Bank of Cyprus	10 %
Bank of N.S.W.	10 %
Banque Belge Ltd.	10 %
Banque du Rhone	10½%
Barclays Bank	10 %
Barnett Christie Ltd.	11 %
Bremar Holdings Ltd.	11 %
Brit. Bank of Mid. East	10 %
■ Brown Shipley	10 %
Canada Perm't. Trust	10 %
Capital C & C Fin. Ltd.	10 %
Cayzer Ltd.	10 %
Cedar Holdings	10½%
■ Charterhouse Japhet	10 %
Choulartons	10 %
C. E. Coates	11 %
Consolidated Credits	10 %
Co-operative Bank	*10 %
Corinthian Securities	10 %
Credit Lyonnais	10 %
The Cyprus Popular Bk.	10 %
Duncan Lawrie	10 %
Eagil Trust	10 %
English Transcont.	11 %
First Nat. Fin. Corpn.	12 %
First Nat. Secs. Ltd.	12 %
■ Antony Gibbs	10 %
Greyhound Guaranty	10 %
Grindlays Bank	‡10 %
■ Guinness Mahon	10 %
■ Hambros Bank	10 %
■ Hill Samuel	§10 %
G. Hoare & Co.	†10 %
Julian S. Hodge	11 %
Hongkong & Shanghai	10 %
Industrial Bk. of Scot.	10 %
Keyser Ullmann	10 %
Knowsley & Co. Ltd.	12 %
Lloyds Bank	10 %
London Mercantile	10 %
Edward Manson & Co.	11½%
Midland Bank	10 %
■ Samuel Montagu	10 %
■ Morgan Grenfell	10 %
National Westminster	10 %
Norwich General Trust	10 %
P. S. Refson & Co.	10 %
Rossminster Ltd.	10 %
Royal Bk. Canada Trust	10 %
Schlesinger Limited	10 %
E. S. Schwab	11½%
Security Trust Co. Ltd.	11 %
Shenley Trust	11 %
Standard Chartered	10 %
Trade Dev. Bank	10 %
Trustee Savings Bank	10 %
Twentieth Century Bk.	11 %
United Bank of Kuwait	10 %
Whiteaway Laidlaw	10½%
Williams & Glyn's	10 %
Yorkshire Bank	10 %

■ Members of the Accepting Houses Committee.
* 7-day deposits 7%. 1-month deposits 7¼%.
† 7-day deposits on sums of £10,000 and under 6½%, up to £25,000 7¼% and over £25,000 7¾%.
‡ Call deposits over £1,000 7%.
§ Demand deposits 7¼%.

...nya crops ...eatened ... birds

...Own Correspondent

NAIROBI, July 3.

...S OF quelea, known as ...d-billed quail, are ...farmers in the Kenyan ...lley where they are ...heavy inroads into ...millet and sunflower

...rmer said: "They are ...g our crops faster than ..." Another said the birds ...suming grain at the rate ...ounces per bird every

...they come in millions ...imagine the damage they ...he said. "Unless we can ...f them quickly our crops ...completely ruined."

...S has been sent to the ...of Agriculture but only ...e is available for spray-...l that is being used ...e.

...hile, farmers are send-... into the fields ringing ...l shaking rattles.

...stimated quelea popula-...th of the Sahara is about ... The birds are believed ...come into Kenya from ...heat-growing areas of ...

...ew low ... sugar ...arket

...r Commodities Staff

...D SUGAR values fell to ...e-of-contract lows on the ... and New York terminal ...s yesterday. The London ...rice for raw sugar was cut ...o £93 a tonne, its lowest ...nce November last year. ...he futures market the ...position lost £1.70 to ...£94.60 a tonne.

...decline was attributed ...ly to selling inspired by ...erally gloomy outlook in ...rket. On Friday the Inter-...l Sugar Council con-... that it was delaying until ...r 1 the start of the pro-...p a reserve stock fund for ...contribution payments to ...ternational Sugar Agree-...

...is because the US has so ...en unable to ratify the ...nent as a result of the ...ary legislation being ...d in Congress.

...ion brokers, E. D. and F. ...n their latest market report ...out, however, that while ...resent outlook is gloomy ...tion cutbacks and con-...ion increases during the ...t season should enable the ...ational Agreement's quota ...ls to work more effectively ...79.

Coffee falls as Brazil cuts minimum price

BY RICHARD MOONEY

COFFEE PRICES fell sharply on the London terminal market yesterday in response to news that Brazil had cut its minimum export price and export tax. But traders said that the changes would actually make Brazilian coffee slightly dearer.

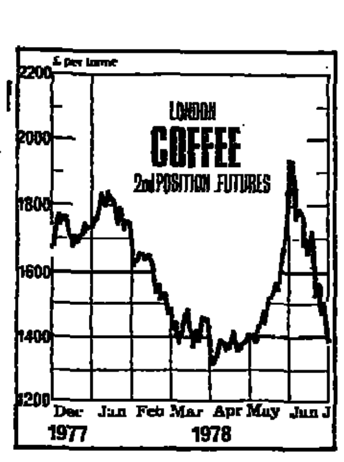
The September futures price ended the day £93 below Friday's close at £1,382.5 a tonne.

The Brazilian Coffee Institute announced in Rio de Janeiro at the weekend that it had opened registrations for green and decaffeinated coffee export sales, for shipment between July 1 and September 30, at a minimum price of $1.50 a lb and with a contribution quota (export tax) of $70 per 60 kilo bag.

Previous levels for July and August shipment were a minimum price of $1.60 a lb and a contribution quota of $83 per bag.

The effect of these changes is difficult to calculate and is causing considerable confusion in the market. Most Brazilian coffee is sold direct to roasters or dealers in consumer countries under special deals giving discounts on the basic price. These discounts are based on the difference between the minimum registration price and the average price and the average of the International Coffee Organisation's other milds and robustas indicator prices.

The minimum registration price is currently higher than the average of the indicators so a reduction narrows the gap, thereby reducing the discount—in this case by ten cents a lb.



Since the reduction in the export tax works out at slightly less than ten cents a lb the net result would appear to be a slight rise in the effective export price.

The Brazilian announcement seems, however, to have encouraged the "bearish" sentiment already ruling in the market. Speculators have been expecting prices to fall in view of the continuing mild weather in Brazil, following the frost scare in May, and this has been reflected in chart indications. As a result many have ignored the underlying significance of the changes and sold the market short.

In New York, meanwhile, Gordon Paton reported that the amount of green coffee roasted in the U.S. (including coffee for soluble production) totalled an estimated 7,435,000 bags between January 1 and June 24 this year, compared with 7,950,000 bags to that date last year.

The trade publisher reported roastings in the week ended June 24 were about 44 per cent higher than in the corresponding week of 1977.

Capper Pass tin smelter strike ends

By John Edwards, Commodities Editor

WORKERS AT the Capper Pass tin smelter at Hull voted at a mass meeting yesterday to return to work today and end the strike that has kept the plant closed since June 12.

Immediately afterwards Capper Pass lifted its force majeure declaration both on sales of tin and purchases of tin concentrates, despite its warning when the plant closed that it was unlikely to resume regular deliveries for four weeks because of the problems involved in restarting production.

On the London Metal Exchange prices dropped sharply initially but rallied later on buying interest at the lowest levels. Cash tin closed £65 down at £6,505 a tonne.

The market had largely anticipated a settlement of the Capper Pass dispute. But it was depressed by a fall in Penang over the weekend and a rise in warehouse stocks, up by 55 tonnes to a total of 1,925 tonnes.

There was another sizeable fall in copper stocks. The stocks decline of 6,775 tonnes, reducing total holdings to 503,200 tonnes, was rather more than anticipated. At the same time the market was held up by news that Phelps Dodge, the U.S. producer, had cut its domestic price to 63 cents instead of lower as had been feared.

Lead and zinc values were also firmer following the trend in copper.

WHALING TALKS

Not a good year for the conservationists

BY RICHARD MOONEY

THE International Whaling Commission's 30th annual session, which began in a blaze of publicity in London at the beginning of last week, ground to its conclusion almost unnoticed in the early hours of Saturday morning. A much-vaunted proposal for a total ten-year ban on whaling was never even discussed, and the vital decision on North Pacific sperm whale hunting was held over for a special session, probably in Tokyo, in December.

The liveliest moment of the meeting came on Friday afternoon when a young man with a megaphone stepped in front of the chairman's table and announced, to cheers from the back of the hall, that the delegates to the Commission had been declared "of unsound mind and body," that a ten-year moratorium had been called on all commercial whaling and that the session was closed.

When the session really did close, nine hours later, the final tally was not such as to gladden the hearts of the conservationists who had been attending all week as observers. Leaving aside the North Pacific sperm whales, the commission had agreed a 4 per cent. cut in aggregate quotas from 16,700 in 1977-78 to 16,047 in 1978-79.

The main beneficiaries were the southern hemisphere sei whales whose quota was cut from 771 to nil, and the main casualties the southern hemisphere minkes with a 9 per cent. rise from 5,690 to 6,221.

The only other quota to rise was for the bowhead, which is hunted only by North American eskimos, which went up from 14 to 18. But another species was added to the quota list—the gray with a catch limit of 178. These are killed by Soviet vessels and used as food for Siberian eskimos.

Total protection has been continued for right, blue and humpback whales in all oceans, and for the North Pacific seis.

A spokesman for Friends of the Earth summed up the conservationists' feelings following their strongest-ever anti-whaling effort: "It was not what you would call a good year for the whales."

The bitterest blow for the anti-whaling campaigners was, of course, the commission's failure to consider the case for a moratorium. This proposal had been tabled by the Panamanian delegation but as the session got under way it was announced that it was to be withdrawn.

Accusations that Panama's change of heart was prompted by a Japanese threat to cancel a large sugar purchase contract were hotly denied from both sides.

The Panamanian Commissioner explained that, on second thoughts, his Government believed that, far from saving the whales, a 10-year ban would merely give the non-Commission whaling nations the freedom of the oceans. This view may have been reinforced by a Japanese threat to leave the Commission if a moratorium were agreed.

Argentina is believed to have been willing to take up the proposal but the chairman ruled this was out of order and declared the matter closed.

From a commercial point of view the most unsatisfactory aspect of this year's session was its failure to agree a North Pacific sperm whale quota.

Sperm whales are the mainstay of the whaling industry and without them it would probably roll over and die. Of last year's quota total of about 24,000 more than 13,000 were sperms, and they account for about 80 per cent of the tonnage caught by the industry.

Sperm whales also make by far the biggest contribution to world trade in whale products: their oil being used for margarine, cosmetics, lubrication, gelatin medicines and leather softening. The last is the most important of these uses and Britain alone imports about 850,000 tonnes (a quarter of world exports) for the use of the shoe and clothing (particularly gloves) industries.

This year's situation is reminiscent of last year's, when the North Pacific quota was cut from 7,200 to 763 only to be raised to 6,444 at a subsequent meeting in Tokyo. This year it seems that this vital question is again to be decided on Japan's home ground.

World wheat output to rise

BY OUR COMMODITIES STAFF

WORLD WHEAT production is tentatively forecast to rise this year to between 400m-410m tonnes, compared with 384.5m tonnes in 1977, according to the latest market report issued yesterday by the International Wheat Council.

However, the report predicts that because of a recovery in consumption to its normal long-term growth rate, carry-over stocks in the five major exporting countries at the end of the 1978-79 season are expected to remain much the same at between 46m to 62m tonnes—against 53.7m tonnes at the end of 1977-78.

Demand for wheat in developing countries is estimated to be rising at a rate of 10 per cent a year, mostly for greater food use. In developed countries the demand increase of5 per cent annually is attributed mainly to a rise in feed use.

Weather conditions, according to the report, appear generally to have been favourable so far for wheat production in most major growing areas in the northern hemisphere. But the situation is less favourable in southern herisphere countries.

It is emphasised that bad weather in major producing countries could mean a radical change in the estimates. But on a tentative basis bigger crops in Western Europe, and possibly also Australia, should offset the expected cutback in the U.S.

A considerable increase of 7m to 11m tonnes is forecast for developing countries, and also output in centrally-planned countries is predicted to rise by 10m to 14m tonnes.

Apart from weather conditions, the report points out that the other main factors affecting wheat production are government policies and the producers' response to the market situation.

This particularly applies in the U.S., which on June 1 this year, was carrying stocks of 32m tonnes, 60 per cent of the total held by the five main exporting countries.

The U.S. Agriculture Department said that maize (corn) planted this year totalled 78.7m acres, down 5 per cent from 1977, AP-Dow-Jones reports.

The Department said that soyabean acreage was estimated at 64.3m acres, up 9 per cent from last year and 28 per cent above 1976.

Pricing pact sought

BY OUR OWN CORRESPONDENT OTTAWA, July 3.

CANADIAN and U.S. Senators meeting in Winnipeg have agreed to establish a joint task force to determine a fair market value for wheat produced by the two countries.

Senator George McGovern, of South Dakota, said Canadian and U.S. wheat should be selling for at least $4 a bushel in world markets if North American farmers were to cover their production costs.

But at the moment, he said, the two countries were engaged in a destructive competition, with the result that their wheat was being sold at "ruinous levels" ranging from $2.80 to $3.00 a bushel.

For this reason it was agreed to set up a task force both to determine a fair price and to foster Canadian-U.S. co-operation on wheat pricing.

Jenkins rallies support for farm policy

STONELEIGH, July 3.

JAPAN, THE U.S. and other major trading blocs in the world will have to ease their controls of imports of agricultural produce if they want the Common Market to relax its import policy, Mr. Roy Jenkins, President of the EEC Commission, warned at the Royal Agricultural Show here today.

Officially opening the show, Mr. Jenkins said: "We have the right to demand, and we shall demand, that they also make concessions in this field." The multilateral trade negotiations in Geneva were now approaching a final and crucial stage, he said.

"Our partners expect us to make a serious contribution towards more open markets in agriculture. But Europe is certainly not unique in protecting its agricultural imports.

In a major policy speech, Mr. Jenkins warned Common Market dairy farmers that they must stem the flood of milk or face the prospect of having limits set on their output.

"One-sixth of milk output is already surplus to requirements, while total consumption of milk products is declining.

"We cannot persuade Europe's taxpayers and consumers to support that indefinitely. There is no chance of markets outside Europe relieving us of that burden," he added.

The Commissioner also warned against the "re-nationalisation" of the Common Agricultural Policy by Governments manipulating green currencies and monetary compensatory amounts.

"When national farm prices, in francs, lira, or pounds, are affected more by the so-called green changes than by the common prices, then the Common policy begins to lose its coherence," he said.

Calling for more rapid progress to monetary union in the EEC, Mr. Jenkins said that action would enable the Community to tackle seriously the job of reducing MCAs.

"I do not mean we could abolish them overnight. The price changes involved are too large. But we could begin to move forward on a clear plan. We could begin to halt the disintegration of the agricultural policy," he said.

Commenting later on the recent farm price review, Mr. Jenkins said: "I must admit it was not as good as it looks."

The modest increase in common institutional farm prices, agreed by the Ministers of Agriculture, have been inflated by devaluations of green currencies.

In Britain, for example, the adjustment of the green pound—the notional currency into which EEC farm prices are translated from units of account—boosted the value of the prices' agreement to more than 10 per cent.

Price differences of 30 or 40 per cent between Europe's member states divert trade and distort competition. They sap the very structure of the CAP and undermine the will to find solutions, Mr. Jenkins said.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

...on the morning kerb. In the afternoon the price traded quietly around the late morning levels and was finally around the day's best levels at the close of the kerb. Turnover 13,625 tonnes.

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £692, three months £709, 10, 11, 12, 11.5, 12, 12.5. Kerb: Wirebars, three months £712.5, 13, 13.5, 14. Afternoon: Wirebars, cash £694.5, three months £714.5, ...

...late kerb of £6,460. Turnover: 1,650 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	6565-70	-17.5	6500-10	-65
3 months	6465-85	-27.5	6455-65	-42.5
Settlem't	6570	-20	—	.....
Standard				
Cash	6560-70	-17.5	6500-10	-65

COFFEE

Robustas opened sharply lower this morning following news over the weekend that Brazil has lowered the exporter contribution quota, Drexel Burnham Lambert reported. Support was found at the £1,400 level basis September. But in late afternoon values declined further as New York C contract eased. At the close the market was off the LWS up to £93 down on the day.

RUBBER

EASIER opening on the London physical market. Good covering throughout the day, closing on a steadier note. Lewis and Peat reported a Malaysian godown price of 329 (332) cents a kilo nominal buyer.

MEAT/VEGETABLES

MEAT COMMISSION—Average fatstock prices at representative markets for week ending July 1: GB Cattle 72.10 per kg. l.w. (−0.45); UK Sheep 144.9 per kg. est. d.c.w. (−6.8); GB Pigs 62.1 per kg. l.w. (+0.5). England and Wales—Cattle numbers up 7.5 per cent, average price 71.96 (−0.52); Sheep down 1.1 per cent., average price 144.8 (−7.0); Pigs down ...

... French: 2.20. Carrots—French: Nets 2.30; Nantes 26-lb boxes 3.00-3.10; Italian: 3.10; Cyprus: 2.40. Beetroot—Cyprus: 22-lb 2.30. Courgettes—French: Per pound 0.25. English produce: Potatoes—Per 56-lb 2.20-2.40. Lettuce—Per 12 0.50. Cos 0.70. Webbs 0.60. Rhubarb—Per pound, outdoor 0.06. Cucumbers—Per tray 12/24's 0.80-1.20. Mushrooms—Per pound 0.45-0.55. Apples—Per pound Bramley's 0.10-0.20. Tomatoes—Per 12-lb English 2.40-2.60. Greens—Per crate, Kent 1.00. Cabbage 1.50-1.80. Celery—Per 12/18's 3.50-4.00. Strawberries—Per ½-lb 0.28-0.35. Cauliflowers—Per 12 Lincoln 2.60-3.00. Broad Beans—Per pound 0.08-0.10. Peas—Per pound 0.12-0.14. Cherries—Per pound Black 0.60, White 0.20-0.25. Gooseberries—Per pound 0.22.

PRICE CHANGES

Prices per tonne unless otherwise stated.

* Nominal. ‡ Unquoted. k August. m June-August. n July-Sept. p July-Aug. w July. y August-Sept. z June-July. x Per ton.

Bid to end U.S.-Canada 'fish war'

WASHINGTON, July 3.

PRESIDENT JIMMY CARTER has signed legislation designed to end the three-week-old "fishing war" between the U.S. and Canada, reports AP-Dow Jones.

The President, in a prepared statement, said he hoped the U.S. and Canada could "immediately proceed to restore traditional patterns of reciprocal fishing."

The legislation gives Mr. Carter legal authority to lift the ban on Canadian fishing in U.S. waters for the rest of this year if Canada agrees to let U.S. fishermen return to its waters.

INDICES

FINANCIAL TIMES

July 3	June 30	Month ago	Year ago
240.16	242.27	252.77	249.11

(Base: July 1, 1952=100)

REUTER'S

July 3	June 30	Month ago	Year ago
1468.9	1471.2	1515.4	1563.9

(Base: September 18, 1931=100)

DOW JONES

Dow Jones	July 3	June 30	Month ago	Year ago
Spot	359.09	360.04	367.36	393.16
Futures	345.87	348.29	357.74	353.93

(Average 1924-25-26=100)

MOODY'S

Moody's	July 3	June 30	Month ago	Year ago
Spie Commty	920.9	915.9	920.3	880.6

(December 31, 1931=100)

*

GRIMSBY FISH—Supply good, demand good. Prices per stone (unprocessed) at ship's side: Shelf cod £3.50-£4.20, Codlings £2.40-£3.00. Large haddock £4.00-£4.50, medium £3.50-£4.00, small £2.40-£3.00. Large plaice £4.90, medium £4.20-£4.70, best small £3.60-£4.40. Skinned dogfish (large) £8.00, (medium) £6.00. Lemon soles (large) £5.50, (medium) £4.50. Rockfish £2.00-£2.60. Saithe £1.90-£2.40.

U.S. Markets

NEW YORK, July 3.

Cocoa—July 149.35 (148.15), Sept. 143.30 (143.85), Dec. 140.90, March 137.15, May 134.25, July 131.75, Sept. 129.40, Dec. 127.50. Sales: 532 lots.

...Sugar—No. 11: ... 6.93-6.94 (6.93), Jan. 7.28-7.54, March 7.61-7.63, May 7.82, July 8.00, Sept. 8.10-8.20, Oct. 8.29-8.32. Sales: 1,901 lots.

Tin—Not available (547.00-562.00 nom.).

**Wheat—July 317½ (314½), Sept. 320½-320¾ (317½), Dec. 326½-326½, March 326½-326, May 324, July 316.

WINNIPEG, July 3. The market was closed because of Canada's national holiday.

All cents per pound ex-warehouse unless otherwise stated. * $s per troy ounce—100 ounce lots. † Chicago loose $s per 100 lbs—Dept. of Ag prices previous day. Prime steam fob. NY bulk tank cars. ‡ Cents per 56 lb bushel ex-warehouse, 5,000 bushel lots. § $s per troy ounce for 50 oz units of 99.9 per cent purity delivered NY. ¶ Cents per troy ounce ex-warehouse. || New "B" contract in $s a short ton for bulk lots of 100 short tons delivered f.o.b. cars Chicago, Toledo, St. Louis and Alton. ** Cents per 60 lb bushel in store. †† Cents per 24 lb bushel. ‡‡ Cents per 48 lb bushel ex-warehouse. §§ Cents per 56 lb bushel ex-warehouse, 1,000 bushel lots. ¶¶ $C per tonne.

SABAH COCOA PROJECT

WORK ON an $8m project to develop 15,000 acres of cocoa here will begin next month, Sabah Holdings (Cocoa) said.

The joint Sabah-Arab company, recently incorporated, said the agreement to develop the plantation at Silibukan on Sabah's east coast was signed by Mohammad Othman, vice-president of Saudi Arabia's Triad Holding Corporation and the state Government agency, the Korporasi Pembangunaw Desa (KPD).

Reuter

STOCK EXCHANGE REPORT

Markets drift lower as business dwindles further

Company trading statements provide isolated features

ACCOUNT DEALING DATES

Option *First Dealings	Declarations	Last Dealings	Account Day
Jun. 12	Jun. 22	Jun. 23	July 4
Jun. 26	July 6	July 7	July 18
July 10	July 20	July 21	Aug. 1

* "New time" dealings may take place from 9.30 am two business days earlier.

A batch of surveys generally lacking in enthusiasm over UK economic prospects were largely responsible for a sombre mood in stock markets yesterday at the start of the second leg of the Account. Worries about union opposition to the Government's tough line on pay in the next phase also imparted caution with the result that trade suffered a further reduction, being at less than last week's pathetic levels.

In view of both the economic and wage doubts, buyers' attitudes were not influenced by events scheduled to be announced later in the week. Institutional operators continued the build-up of their cash resources and, although few large lines of stock came on offer, small sales were sufficient to lower the equity leaders one or two pence.

Measuring this trend, the FT Industrial ordinary share index was a point off at the first calculation and 2.7 down finally at 458.1, after a day which had seen official markings, at 3,817, fall below the 4,000-mark for the first time since December 29.

The broad-based FT-Actuaries All-share index confirmed the overall movement with a 0.3 per cent fall to 209.94, despite rises having a slight, five-to-four, edge over falls in all FT-quoted industrials. The latter mirrored selective firm features usually stemming from companies reporting trading statements and renewed speculative interest in situation stocks.

Drawing some hope from the Premier's attitude regarding future wage demands, long-dated Gilt-edged managed to consolidate last Friday's recovery. The shorter end of the market, however, continued to be disturbed by the progressive upturn in American short-term interest rates and quotations here eased before reverting to Friday's list levels. The level of trade, particularly among the longer maturities, was desperately small—apart from a few routine transactions—and business in the shorts was only a little better. News of the largest Corporation Variable issue yet, £50m of Birmingham 1983-85 stock to be issued at £99.40, saw dealers widening quotations for existing floaters and Edinburgh 1983 lost $\frac{1}{16}$ to 99$\frac{3}{8}$.

After an initial flurry when rates for investment currency rose 113½ per cent, business became more two-way and the premium settled a net ½-point higher at 112¾ per cent. Yesterday's SE conversion factor was 0.6557 (0.6584).

Little of interest developed in Traded Options as seen in the low level of contracts done which amounted to 260 compared with 324 last Friday. Cons. Gold were the most actively dealt with 76 trades. Rates were generally a shade easier for choice, but those in BP were sharply lower; the July 800 dropped 11 to 37p with the October 850 down 8 at 31p.

Hambros down again

Hambros, down 5 more at 163p, remained a dull and nervous market in Merchant Banks awaiting news of the talks on the Hilmar Reksten loan. Elsewhere, Schroders gave up 10 to 400p and Mercury Securities closed 2 cheaper at 106, the latter following the annual results. The major clearers were inclined easier on lack of support. Apart from Alexanders, 2 lower at 238p, after the interim statement, little of interest occurred in Discounts.

A slightly easier trend in Insurances left Guardian Royal, 206p, and General Accident, 198p, both down 2. The fall in the half-yearly profits prompted a similar loss in Brentnall Beard at 32p.

Breweries had an easier bias. Scottish and Newcastle gave up a penny at 66½p in front of Thursday's preliminary results, while, in front of figures due shortly, H. P. Bulmer eased 2 to a 1978 low of 128p.

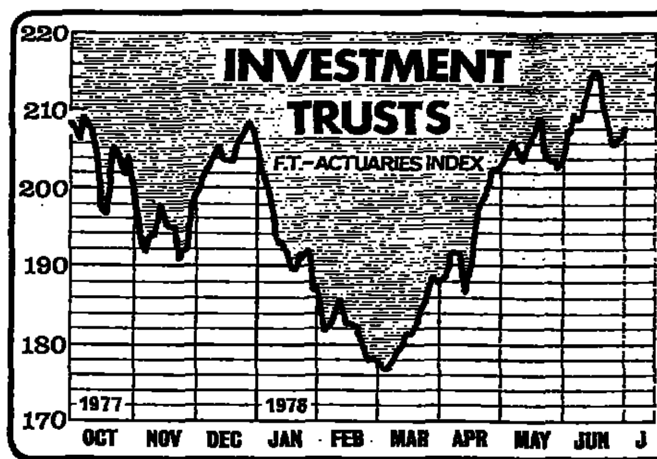
Buildings presented a quietly mixed picture in which Contracting and Construction issues edged forward. Investment demand lifted J. Mowlem 5 to 116p and Press comment prompted John Laing A 3 higher to 172p, but Edward Jones shed a penny more to 10p on the trading loss. Elsewhere, Bambergers eased 2 to 48p following the annual results, while the withdrawal of recent support left Johnson-Richard Tiles 5 lower at 94p. Continued bid speculation added 3 more to Brown and Jackson at 131p and a Press mention left Heywood Williams a couple of pence better at a 1978 peak of 127p. Marshall's Halifax put on 4 to 101p in response to the improved annual results.

Leading Chemicals traded quietly, but a certain amount of interest was directed towards secondary issues. ICI drifted marginally lower to 370p, but Fisons eased 6 to 352p in late dealings. The diversification plans prompted a gain of 6 to 92p in Alida Packaging, while renewed speculative demand lifted Stewart Plastics similarly to 146p. Blagden Noakes, 242p, and Coates Bros., 69p, both improved a couple of pence.

Henderson Kenton up

Store leaders turned a little easier as recent buying interest faded. British Home eased 3 to 182p and Burton ended similarly cheaper at 116p, while Gussies "A" ran back a few pence to 274p. Secondary issues, however, met selective support. Henderson-Kenton featured with a rise of 8 to 90p in response to the annual results and proposed scrip issue in preference shares to ordinary holders. Still reflecting the directors' encouraging remarks about current-year trading Court (Furnishers) "A" put on 5 further to 111p. Waring and Gillow firmed 4 to 109p and Liberty were similarly better at 146p. Status Discount, up 3 more at 176p, continued to respond to favourable Press comment.

Press comment directed fresh attention to Ferranti, which is dealt in under Rule 163 (2) and which rose 40 to 470p for a two-day gain of 50. Sound Diffusion hardened 2 to 44p on the increased dividend and profits, while Electrocomponents, 457p, and Comet Radiovision, 132p, put on 5 and 6 respectively. Awaiting today's preliminary figures, Dale Electric hardened 2 to 162p for a two-day advance of 10.



John Brown, 4 lower at 390p, encountered scattered profit-taking after the recent good rise on the annual results. Among other Engineering leaders, GKN fluctuated narrowly before settling at 251p for a fall of only a penny on the day, but Vickers traded firmly at 167p, up 2. Spooner Industries moved up 5 to 86p following the company's rejection of the bid worth 80p per share from Sandvik; the rise was accompanied by hopes that Redman Heenan, currently bidding 65p per share for Spooner, may raise its offer. London and Midland Industries firmed 2½p to 80p in response to the increased dividend and profits, while the chairman's encouraging annual statement prompted a rise of 5 to 273p in Staveley. Favourable week-end Press mention left Serck a penny dearer at 82½p and Birmid Qualcast a shade harder at 61p. In contrast falls of 4 were marked against Cornercroft, 66p, and Delson, 30p, while Howard Machinery met occasional selling at 26p, down 3p.

Among Foods, A. G. Barr hardened 2 to 85p on the substantially improved first-half profits.

Ladbroke improved 3 to 181p in response to Press comment, while revived speculative interest left Epicure 1½ harder at 17p and Queen's Moat Houses 2½ better at a 1978 peak of 40p.

Granada good

Business in the miscellaneous Industrial leaders was barely sufficient to test prices. The proposed probe by the Price Commission into prices charged by Lever Bros for a wide range of soaps and detergents had an unsettling affect on the parent Unilever which gave up 4 to 516p. Pilkington Bros. drifted off to close 6 cheaper at 534p, while Boots ran back 3 to 205p, the latter after the recent good rise in response to the company's dividend intentions. Elsewhere, Granada "A" featured with a rise of 8 to 109p on the better-than-expected half-yearly results, while Powell Duffryn hardened 2 to 183p following the chairman's encouraging annual statement. Favourable week-end Press mention prompted gains of 2 in Pleasurama, 69p, A. Arenson, 60p, and B. and I. Nathan, 49p. Other firm spots included Chas. Hill, up 4 at 108p, Carlton Industries, 3 firmer at 194p, and Durapipe, a similar amount dearer at 123p. Overseas advices left Jardine Matheson 12 to the good at 291p and Wheelock Marden 4½ higher at 64p.

Motors and Distributors closed with the occasional small gain. Group Lotus moved up 2 to 47p, while similar improvements were seen in Flight Refuelling, 149p, and Jonas Woodhead, 92p. Automotive Products ended 1½ firmer at 85p, after 86p, following French expansion news. Frank G. Gates closed a like amount better at 53½p awaiting today's preliminary figures, but Glanfield Lawrence eased a penny to 29p reflecting the first-half trading deficit. Henlys shed 2½ to 119p and the new nil-paid shares 3½ to 9½p premium.

Associated Newspapers added 3 to 170p in response to the annual results and, in sympathy, Daily Mail A firmed a like amount to 308p. After touching 55p, Websters Publications reacted onto 48p on the denial of merger discussions but picked up to close a net 6 up at 50p. Persistent buying lifted A. and C. Black another 3 to a 1978 peak of 105p. Elsewhere, Eucalyptus Pulp hardened 5 to 70p awaiting to-day's annual figures, while L and P Poster and Wace both held improvements of 6 at 180p and 38p respectively on demand in thin markets.

Properties drifted lower in quiet trading. Still awaiting news of bid discussions, English, at 44p, relinquished Friday's gain of 2. Elsewhere, Far Eastern firmness prompted renewed London interest in Hong Kong Land, 13 higher at 190p.

Initial modest offerings took leading Oils lower. Shell finished 4 cheaper at 548p, while small American selling clipped 10 from British Petroleum at 830p. Lack of interest left Ultramar, 244p, and Lasmo "ops," 318, marginally lower. Speculative counters Siebens (U.K.) and Oil Exploration both passed a quieter session than of late: the former held a modest improvement at 344p while the latter finished 6 easier at 224p.

Sime Darby, a firm market of late, turned reactionary and closed 4 cheaper at 101p.

Movements of note were few and far between in a lightly traded Investment Trust section. Camellia Investments responded to revived speculative interest with a rise of 5 to a 1978 peak of 300p, while the Hong Kong-based Jardine Securities reflected local support with an improvement of 5½ to 145½p. In Financials, Investment Company finished a penny up at 18p following a statement in defence of Press comment on the company's legal problems.

Interest in Textiles remained selective. Sekers International hardened 1½ to 34p, while Shiloh Spinners, 30p, and Hicking Pentecost, 99p, put on 2 apiece. Levex were quoted ex the rights issue at 7½p, while the new nil-paid shares opened at 2p premium and closed at 2½p premium.

Rubbers turned reactionary following the recent market re-rating. Guthrie led the way with a reaction of 6 to 312p as recent speculators liquidated their positions in the wake of reports of the company's Middle East venture. Castlefield fell 5 to 260p, while losses of around 3 were seen in Kulim, 56p, and Kuala Lumpur Kepong, 77p. Elsewhere, Deundi were suspended at 132p at the company's request pending the proposed merger with the private concern Rightwise.

Australian gains

News that the Australian Government has dropped its plans to impose a resources tax on profits from oil and uranium mining gave prices of potential producers of both a fillip on London markets yesterday.

Among Uraniums, Pancontinental advanced ¾ to £13¼. Peko-Wallsend 26 to 518p and EZ Industries 15 to 235p.

The partners in the Rundle oil shale project both gained substantial ground following persistent U.S. buying: Central Pacific Minerals climbed 70 to 600p and Southern Pacific Petroleum 25 to 220p.

Other Australians also improved influenced by the strength of resources stocks and a firmer trend in base-metal prices on the London Metal Exchange.

Conzinc Riotinto put on 6 to 236p and MIM Holdings and Western Mining both hardened 3 to 201p and 154p respectively. Hampton Areas rose 4 to equal their 1978 high of 138p in front of today's results.

In contrast with Australians South African Golds and Financials passed a quiet session reflecting the absence of any sizeable U.S. interest in front of today's Independence Day holiday.

Golds drifted easier despite a 50 cents improvement in the bullion price to \$183.875 with the Gold Mines index a further 0.5 off at 158.4.

Losses in the heavyweights were generally restricted to around ¼ as in Randfontein, £38¼, while lower-priced issues were rarely more than 3 or 4 cheaper.

Among South African Financials, De Beers slipped 5 more to 391p, after 390p; the half-year CSO sales figure is expected in the next two weeks.

Other South African Financials to retreat included Union Corporation, 4 cheaper at 276p.

Movements in London-registered Financials were negligible, but in Irish-Canadians Tara Exploration dropped 175 to 900p following adverse Press comment; selling was confined to London owing to the closure of Canadian markets yesterday for Canada Day.

OPTIONS

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
July 4	July 17	Sep. 28	Oct. 10
July 18	July 31	Oct. 12	Oct. 24
Aug. 1	Aug. 14	Oct. 26	Nov. 7

For rate indications see end of Share Information Service

Stocks favoured for the call were Premier Consolidated Oil, Burmah Oil, English Property, Ladbroke and Warrants, GEC, Fitch Lovell, UDT, Kwik-Fit, and Marks and Spencer, while doubles were arranged in Ocean Transport, Lonrho and William Press.

FINANCIAL TIMES STOCK INDICES

	July 3	June 30	June 29	June 28	June 27	June 26	Year ago
Government Secs.	69.50	69.52	69.25	69.01	68.85	68.68	67[illegible]
Fixed Interest	71.47	71.46	71.24	71.15	71.15	71.07	69[illegible]
Industrial Ordinary	458.1	460.8	457.3	455.5	456.5	453.0	44[illegible]
Gold Mines	158.4	158.9	162.4	160.5	157.6	158.1	10[illegible]
Ord. Div. Yield	5.78	5.76	5.80	5.83	5.81	5.84	5[illegible]
Earnings Yld.% (full)*	17.54	17.46	17.59	17.68	17.64	15.88	16[illegible]
P/E Ratio (net)*	7.58	7.61	7.56	7.52	7.54	7.44	9[illegible]
Dealings marked	3,817	4,514	4,348	4,018	4,470	4,394	4,[illegible]
Equity turnover £m.	—	54.93	56.26	66.65	57.37	61.07	56[illegible]
Equity bargains total	—	12,563	12,090	13,508	13,135	13,705	14,[illegible]

10 am 458.6. 11 am 459.3. Noon 459.1. 1 pm 459.2. 2 pm 459.2. 3 pm 459.2.
Latest Index 01-246 8026.
* Based on 52 per cent corporation tax. † Nil=7.62.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind. Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec 1942.

HIGHS AND LOWS

	1978 High	1978 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	78.58 (5/1)	68.79 (5/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.27 (4/1)	70.78 (6/6)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	497.3 (6/1)	433.4 (2/3)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	168.6 (4/5)	130.3 (6/3)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	July 3	June 30
—Daily		
Gilt-Edged	157.0	12[illegible]
Industries	129.1	14[illegible]
Speculative	27.0	3[illegible]
Totals	86.9	9[illegible]
5-day Average		
Gilt-Edged	149.5	14[illegible]
Industrials	139.3	14[illegible]
Speculative	38.5	4[illegible]
Totals	95.4	9[illegible]

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1978 high	1978 low
BP	£1	11	830	−10	892	7[illegible]
Shell Transport	25p	10	548	−4	586	4[illegible]
BATs Defd.	25p	8	268	−2	296	2[illegible]
ICI	£1	8	370	−1	396	3[illegible]
Ladbroke	10p	7	181	+3	215	1[illegible]
B.S.G. Intl.	10p	6	40½	−½	43	[illegible]
Beecham	25p	6	640	—	678	5[illegible]
Burmah Oil	£1	6	61	−1	72	[illegible]
Cakeb'd Robey A	10p	6	37	+2½	37	[illegible]
HK & Sh'ghai Bk.	\$HK2.50	6	330	+9	330	2[illegible]
Lloyds Bank	£1	6	255	−3	297	2[illegible]
GEC	25p	5	267	−1	278	2[illegible]
Grand Met.	50p	5	103	−1	117½	[illegible]
Imperial Group	25p	5	76	—	81	[illegible]
P & O Defd.	£1	5	88	−2	118	[illegible]

NEW HIGHS AND LOWS FOR 1978

NEW HIGHS (68)

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1978.

FOREIGN BONDS (2): Antofagasta Rly. Do. 5pcPf.
CANADIANS (1): Hollinger
BANKS (2): HK and Shanghai Wintrust
BUILDINGS (5): Brown and Jackson, Heywood Williams, Burnett Hallamshire, Westbrick Prods., Cakebread Robey A
DRAPERY AND STORES (7): Beattie (J.) A, Henderson-Kenton, Courts A, Waring and Gillow, Dewhurst, Wearwell, Foster Bros.
ELECTRICALS (2): Dale Elec., Electrocomponents
ENGINEERING (5): Anderson Strathclyde, Warwick Eng., Smith Whitworth, Weston-Evans, Spooner Inds.
FOODS (3): Avana, Carr's Milling, Barr (A. G.)
HOTELS (2): Epicure, Queens Moat Houses
INDUSTRIALS (10): Arenson (A.), Barr and Wallace, Arnold Trt. A, Granada A, Hutch Whampoa, Jardine Matheson, Wheelock Marden, Wilkes (J.) [illegible]
MOTORS (2): Flight Refuelling, Kwik-Fit
NEWSPAPERS (2): Black (A. and C.), Websters Publications
PAPER (1): Wace Grp.
PROPERTY (1): HK Land
SHOES (1): Headlam Sims
SOUTH AFRICANS (1): Ang. Am. Ind.
TEXTILES (4): Hicking Pentecost, Sekers Intnl., Shiloh Spinners, [illegible]
TRUSTS (10): Berry [illegible], Jardine Japan, Camellia Invs., Jardine Secs., Crescent Japan, Drayton Far Eastern, GT Japan, Intnl. Inv. Tst. [illegible]
OILS (2): Cie. Fr. Petroles B, Endeavour
OVERSEAS TRADERS (1): Steel Bros
RUBBERS (1): Harrisons Malay. Ests.
MINES (1): Supreme Corp.

NEW LOWS (14)

CORPORATION LOANS (2): Bristol [illegible], LCC [illegible]
BEERS (1): Bulmer (H. P.)
BUILDINGS (2): Jones (E.), Parker Timber
CHEMICALS (1): ICI [illegible]
ENGINEERING (2): Howard Machinery, [illegible]
FOODS (1): Lockwoods
INSURANCE (1): Gen. Accident
MOTORS (1): Glanfield Lawrence
PROPERTY (1): Prop. Hldgs.
SHIPPING (2): Ocean Transport, P & O Dfd.

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	[illegible]	[illegible]	[illegible]
Corpns. Dom. and Foreign Bonds	[illegible]	[illegible]	[illegible]
Industrials	306	[illegible]	[illegible]
Financial and Prop.	[illegible]	[illegible]	[illegible]
Oils	[illegible]	[illegible]	[illegible]
Plantations	[illegible]	[illegible]	[illegible]
Mines	[illegible]	[illegible]	[illegible]
Recent Issues	[illegible]	[illegible]	[illegible]
Totals	439	432	[illegible]

LONDON TRADED OPTIONS

Option	Exercise price	July Closing offer	July Vol.	October Closing offer	October Vol.	January Closing offer	January Vol.	Equity close
BP	750	88	—	106	—	128	9	833p
BP	800	57	2	67	12	89	—	"
BP	850	5	—	51	2	60	—	"
BP	900	1	—	17	—	42	10	"
Com. Union	140	5½	—	12	—	16	—	141p
Com. Union	160	⅝	—	5	—	8½	—	"
Cons. Gold	160	16	25	25	8	28	—	175p
Cons. Gold	180	2¼	—	11	8	18	35	"
Courtaulds	100	14	—	18	—	21½	—	112p
Courtaulds	110	5½	—	11½	—	14½	—	"
Courtaulds	120	1	—	6½	5	9½	—	"
Courtaulds	130	½	—	3½	—	7	—	"
GEC	220	48	7	54	—	61	—	267p
GEC	240	28	—	37	3	46	—	"
GEC	260	13	—	22½	—	35	—	"
GEC	280	4½	8	14	—	23½	8	"
Grand Met.	100	5½	2	9½	—	14½	—	104p
Grand Met.	110	1¼	—	5½	43	9½	—	"
Grand Met.	120	½	—	2¾	10	5½	—	"
ICI	330	43	10	51	3	54	—	369p
ICI	360	15	—	25	—	34	—	"
ICI	390	2	—	11½	—	20½	—	"
ICI	420	½	—	4½	—	12½	15	"
Land Secs.	180	26	—	30	—	33	—	204p
Land Secs.	200	6½	—	14½	2	19	—	"
Land Secs.	220	¾	—	5½	—	9½	—	"
Marks & Sp.	120	27	—	29½	—	32½	5	145p
Marks & Sp.	140	7	—	13	—	17½	—	"
Marks & Sp.	160	¾	—	5½	7	9	—	"
Shell	500	51	5	66	—	77	—	549p
Shell	550	11	1	30	12	48	9	"
Shell	600	1	1	11	—	23	—	"
Totals			54		115		91	

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price p	+ or −	Div. Amount	Times Covered	Gross Yield	P.E. Ratio
75	F.P.	30/6	92	85	Bramall (C.D.)	85	−1	b4.5	3.1	8.0	4.5
100	F.P.	5/7	168	142	Eurotherm	162	+6	b2.64	3.0	2.5	15.4
§54	F.P.	—	38	33	Thames Plywood	34	......	b2.0	2.5	8.9	7.4

FIXED INTEREST STOCKS

Issue Price	Amount Paid Up	Latest Renunc. Date	1978 High	1978 Low	Stock	Closing Price £	+ or −
**	F.P.	28/7	90p	90p	Allied Leather 9% Pref.	90p	......
£98	£50	22/9	52	50¼	Barnet 12¼% Red. 1987	50¼	−¼
‡	Nil	7/8	50½	46	Crellon 12% Conv. Prfd. 1979-83	7pm	......
100p	F.P.	16/8	104p	101½p	Ecclesiast'al Ins.Office10%Re12ndCumPref	101½p	......
£100	F.P.	—	100⅜	99⅝	Edinburgh (City of) Var. Rate 1983	99⅝	−⅛
††£97.56	F.P.	28/7	98½	97¾	Essex Water 7% Red. Pref. 1983	98½	......
‖	£25	25/8	28¼	24⅝	Fairview Ests. 13.25% Deb.	24⅝	−⅛
**	F.P.	21/7	98½p	97p	J B Holdings 10% Pref.	98½p	+1
**	F.P.	21/7	105½p	104p	Miller (F.) 11% Pref.	105½p	+1½
§109	F.P.	21/7	109p	109p	Robinson Bros 11% Pref.	109p	......
99¾	F.P.	—	100	99⅞	Sefton (Met. Borough of) Var. Rate Red. 1983	99⅞	......
£98¼	£10	20/10	9½	8¼	Southend-on-Sea 12% Red. 1987	8¼	−¼
£99	£10	21/7	10	9	South Tyneside 12¼% Red. 1986	9¼	−¼
£98½	£50	1/9	50½	47¾	Tyne & Wear 12% Red. 198[illegible]	48¼	......
£98¾	£25	15/9	25½	24½	West Kent Water 12% Deb. 1986	24¾	......

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date ●	Latest Renunc. Date ■	1978 High	1978 Low	Stock	Closing Price p	+ or −
46	Nil	7/7	18/8	13pm	9pm	British Tar Products	9pm	......
28	Nil	18/7	18/8	6pm	3½pm	Brooke Tool Eng.	3½pm	−1
82	Nil	7/7	18/8	22pm	11pm	Hartwells	12pm	......
108	Nil	14/7	4/8	16pm	9pm	Henlys	9½pm	−3½
29	Nil	6/7	28/7	42½pm	38½pm	Hyman (I. & J.)	42	−½
130	Nil	14/7	4/8	21pm	15pm	Leigh Interests	17pm	......
25	Nil	—	—	2½pm	2pm	Levex	2½pm	......
92	Nil	7/7	28/7	20pm	16pm	Sketchley	18pm	......
95	Nil	17/7	25/8	24pm	19pm	Securicor Group	19pm	−2
95	Nil	17/7	25/8	22pm	16pm	Do. A. N/V	16pm	−2
96	Nil	17/7	25/8	28pm	17pm	Security Services	17pm	−3
95	Nil	17/7	25/8	24pm	16pm	Do. A. N/V	16pm	−5

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend; cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. a Gross. r Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of Ordinary shares as a "rights." ** Issued by way of capitalisation. †† Minimum tender price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. ☐ Issued to former Preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Figures in parentheses show number of stocks per section

	EQUITY GROUPS — GROUPS & SUB-SECTIONS	Mon., July 3, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.) Corp. Tax 52%	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net) Corp. Tax 52%	Fri. June 30 Index No.	Thur. June 29 Index No.	Wed. June 28 Index No.	Tues. June 27 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (172)	210.25	—	18.07	5.76	7.69	210.34	208.08	207.83	206.89	183[illegible]
2	Building Materials (28)	186.65	−0.5	18.84	5.86	7.48	187.50	184.95	185.01	184.93	152[illegible]
3	Contracting, Construction (27)	337.61	+0.4	20.62	4.06	7.05	336.30	335.29	335.42	332.77	247[illegible]
4	Electricals (15)	456.50	+0.2	15.06	4.00	9.41	455.70	446.46	442.76	437.93	369[illegible]
5	Engineering Contractors (14)	310.46	—	19.33	6.57	6.89	310.45	307.53	307.85	306.15	261[illegible]
6	Mechanical Engineering (72)	167.70	—	19.24	6.40	7.04	167.75	166.49	167.07	166.98	164[illegible]
8	Metals and Metal Forming (16)	159.79	−0.3	17.96	8.81	7.59	160.24	160.04	159.79	159.31	152[illegible]
	CONSUMER GOODS										
11	(DURABLE) (52)	193.23	+0.4	17.59	4.99	7.99	192.51	190.86	191.63	190.85	171[illegible]
12	Lt. Electronics, Radio TV (15)	226.66	+0.5	15.98	3.81	8.82	225.47	223.56	225.03	224.21	198[illegible]
13	Household Goods (12)	173.11	+0.5	16.87	6.52	8.19	172.26	171.88	172.36	171.68	162[illegible]
14	Motors and Distributors (25)	122.99	+0.1	20.17	6.40	6.97	122.86	121.61	121.68	121.09	110[illegible]
	CONSUMER GOODS										
21	(NON-DURABLE) (174)	197.30	−0.4	16.37	6.05	8.29	198.13	195.12	194.94	194.39	167[illegible]
22	Breweries (14)	220.22	−0.6	15.49	6.13	9.19	221.57	220.10	218.99	219.69	178[illegible]
23	Wines and Spirits (6)	250.12	—	16.17	5.76	9.38	250.12	248.70	247.34	246.96	198[illegible]
24	Entertainment, Catering (17)	247.03	−0.5	15.89	6.98	9.20	248.17	247.08	247.86	244.39	223[illegible]
25	Food Manufacturing (21)	191.62	−0.4	20.12	5.80	6.60	192.43	190.16	190.50	190.60	172[illegible]
26	Food Retailing (15)	199.38	+0.2	14.40	5.09	9.63	198.89	196.94	197.77	196.68	172[illegible]
32	Newspapers, Publishing (13)	386.62	+0.2	10.33	3.21	13.81	385.91	373.57	373.78	357.37	305[illegible]
33	Packaging and Paper (15)	131.26	−0.1	20.05	8.11	6.58	131.46	130.78	130.86	131.16	123[illegible]
34	Stores (39)	180.56	−0.7	11.62	4.90	12.65	181.91	176.12	174.86	174.74	144[illegible]
35	Textiles (25)	169.87	−0.4	19.49	8.16	6.67	170.33	168.32	169.95	170.69	167[illegible]
36	Tobaccos (3)	238.28	−0.4	23.20	7.86	5.12	239.18	238.19	238.87	238.47	209[illegible]
37	Toys and Games (6)	107.35	—	18.94	5.82	6.45	107.35	105.76	106.29	104.74	100[illegible]
41	OTHER GROUPS (97)	192.48	−0.3	16.61	5.94	7.91	193.00	191.86	191.95	192.22	179[illegible]
42	Chemicals (19)	275.98	−0.4	17.94	6.33	7.57	277.15	276.39	275.05	276.55	254[illegible]
43	Pharmaceutical Products (7)	251.89	+0.2	11.73	4.07	10.65	251.51	249.08	249.30	250.83	[illegible]
44	Office Equipment (6)	128.52	−0.6	18.64	5.05	6.35	129.32	127.30	127.91	127.47	99[illegible]
45	Shipping (10)	405.61	−1.2	17.70	7.55	6.95	410.68	410.19	412.57	412.50	492[illegible]
46	Miscellaneous (55)	198.78	−0.1	17.69	6.59	7.60	198.95	197.78	198.65	197.66	175[illegible]
49	INDUSTRIAL GROUP (495)	205.72	−0.2	16.93	5.88	8.02	206.20	203.87	203.81	203.35	181[illegible]
51	Oils (5)	477.64	−1.0	15.45	4.14	7.02	482.28	478.03	479.27	480.42	513[illegible]
59	500 SHARE INDEX	228.29	−0.3	16.71	5.61	7.85	229.08	226.57	226.61	226.27	207[illegible]
61	FINANCIAL GROUP (100)	156.58	−0.6	—	6.05	—	157.46	156.24	156.51	156.95	137[illegible]
62	Banks (6)	178.47	−0.7	26.52	6.29	5.71	179.77	178.45	177.92	177.14	153[illegible]
63	Discount Houses (10)	200.79	−0.9	—	8.61	—	202.55	202.55	202.55	203.08	174[illegible]
64	Hire Purchase (5)	138.74	−0.6	14.08	5.91	10.51	139.55	137.92	138.14	139.26	137[illegible]
65	Insurance (Life) (10)	128.06	−0.4	—	7.11	—	128.61	127.92	128.07	128.88	107[illegible]
66	Insurance (Composite) (7)	120.04	−0.8	—	7.10	—	120.98	119.96	119.94	121.55	112[illegible]
67	Insurance Brokers (10)	323.31	−0.6	14.56	4.85	9.84	325.16	321.31	327.54	326.31	298[illegible]
68	Merchant Banks (14)	76.28	−0.9	—	6.51	—	76.99	76.90	77.37	77.83	66[illegible]
69	Property (31)	225.29	−0.4	3.63	3.30	47.57	226.25	224.63	225.04	225.11	187[illegible]
70	Miscellaneous (7)	105.98	+1.4	23.96	7.88	5.43	104.56	103.23	103.75	103.18	92[illegible]
71	Investment Trusts (50)	208.14	—	3.28	4.77	30.46	208.13	206.55	206.68	205.87	168[illegible]
81	Mining Finance (4)	98.45	+0.7	17.92	7.07	6.79	97.80	96.25	96.38	96.24	87[illegible]
91	Overseas Traders (19)	307.91	−0.4	17.03	6.93	7.21	309.17	306.67	303.04	301.10	270[illegible]
99	ALL-SHARE INDEX (673)	209.94	−0.3	—	5.70	—	210.67	208.50	208.55	208.33	188[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Mon. July 3	Day's change %	xd adj. To-day	xd adj. 1978 to date
1	Under 5 years	104.22	+0.03	—	4.73
2	5-15 years	113.30	—	—	5.95
3	Over 15 years	119.46	+0.01	—	7.02
4	Irredeemables	122.38	—	—	7.54
5	All stocks	111.79	+0.01	—	5.83

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Mon. July 3	Fri. June 30	Year ago (approx.)
1	Low Coupons	5 years	8.95	8.94	7.5[illegible]
2		15 years	11.07	11.06	11.4[illegible]
3		25 years	11.79	11.79	12.4[illegible]
4	Medium Coupons	5 years	11.70	11.70	10.3[illegible]
5		15 years	12.29	12.28	12.2[illegible]
6		25 years	12.33	12.33	12.8[illegible]
7	High Coupons	5 years	11.78	11.78	11.1[illegible]
8		15 years	12.75	12.75	13.1[illegible]
9		25 years	13.03	13.04	13.[illegible]
10	Irredeemables		11.98	11.97	12.[illegible]

		Monday, July 3 Index No.	Monday, July 3 Yield %	Friday June 30	Thurs. June 29	Wed. June 28	Tues. June 27	Mon. June 26	Friday June 23	Thurs. June 22	Year ago (approx.)
15	20-yr. Red. Deb & Loans (15)	57.16	13.02	57.21	57.19	57.25	57.25	57.54	57.45	54.5[illegible]	[illegible]
16	Investment Trust Prefs. (15)	51.06	13.86	51.01	51.29	51.38	51.58	51.34	51.52	51.66	51.5[illegible]
17	Coml. and Indl. Prefs. (20)	70.48	13.12	70.56	70.59	70.62	70.68	70.64	70.56	70.53	70.2[illegible]

† Redemption yield. Highs and lows record, base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 22p.

INSURANCE, PROPERTY, BONDS

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

[illegible]

NOTES

[illegible]

♥ Net of tax on realised capital gains unless indicated by ♦. ¶ Guernsey gross. # Suspended. ♦ Yield before Jersey tax. † Ex-subdivision.

CORAL INDEX: Close 457-462

INSURANCE BASE RATES

† Property Growth 9¾%

† Vanbrugh Guaranteed 9.37%

† Address shown under Insurance and Property Bond Table

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

Undated

**INTERNATIONAL BANK

**CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Public Board and Ind.

1978 High	Low	Stock	Price £	+ or —	Int.	Red. Yield
64½	58½	Agric. Mt. 5pc '59-89	60½	+½	8.26	11.36
90½	80¾	Alcan 10½pc '89-94	81xd	.....	12.96	13.40
33¼	28½	**Met. Wtr. 3pc 'B'	29	.....	10.70	12.39
139	107	U.S.M.C. 9pc 1982	129xd	.....	6.87	—
95½	88	Do. without Warrants	88xd	.....	10.17	12.60

Financial

1978 High	Low	Stock	Price £	+ or —	Int.	Red. Yield
107¼	101	**FFI 13pc '81	101½xd	+¼	12.86	12.29
110	102	Do. 14pc '79	104½	.....	13.83	13.10
114½	102½	Do 14pc '83	104¼	.....	13.46	12.95
85	79½	ICFC 5½pc Deb. '80-82	81½	.....	6.90	11.30
81½	73¾	Do 6¼pcDb. '81-84	76½	.....	8.27	11.75
99	89½	Do 10½pc Uns Ln. '86	92	.....	12.10	13.10
99¾	90½	Do. 11pc Uns.Ln. '88	92	.....	12.72	13.40
101½	90½	Do 11¾pc Uns Ln. '90	93½	.....	13.41	13.85
71½	62½	Do 7¾pcADeb. '89-92	62½xd	.....	11.60	13.10
71½	62	Do 7¾pcA Db. '91-94	63	.....	11.91	13.15
84½	73¾	Do.9pc 'A' '91-94	75	.....	12.47	13.20
81¾	70½	Do.8½pcLn. '92-97	72	.....	13.00	13.60

FOREIGN BONDS & RAILS

1978 High	Low	Stock	Price £	+ or —	Div. % Gross	Red. Yield
22	17	Antofagasta Rly	22	+1	—	—
38	33	Do. 5pc Pref.	37xd	+2	—	—
98	98	Chilean Mixed	98	.....	3	£3.10
415	350	German Yng. 4½pc.	405xd	.....	4½	—
54	46	Greek 7pc Ass.	54	.....	3½	£6.48
51	46	Do 6pc '28 Stab. Ass.	51	.....	6	£6.00
44	40	Do 4pc Mixed Ass.	43xd	.....	4	£4.65
55	42	Hung. '24 Ass	55	.....	4½	5.00
77	65	Ireland 6½pc '83-88	65xd	.....	—	12.60

BONDS & RAILS—Cont.

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

S.E. List Premium 52⅞% (based on US$1.9658 per £)
Conversion factor 0.6557 (0.6584)

CANADIANS

S.E. List Premium 52⅞% (based on $2.0958 per £)

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[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
210	155	Falcon Rh.50c	180	.....	Q50c	1.3	23.7
24	15	Rhod'n Corp. 16½p.	16½	...	0.56	7.1	5.1
80	52	Roan Cons. K4	70		—		
175	122	Tanganyika 50p	152	+3	Q10.0	1.2	6.6
90	78	Do. Pref. 80p.	87	−3	Q9%	16.3	8.3
41	32	Wankie Col. Rh.1	35		†Q7½c	1.4	18.3
16½	10	Zam.Cpr.SBD0.24	14	..	—	—	—

AUSTRALIAN

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
15	10	Acmex 25c	14		—	—	—
132	64	Bougainville 50 Toea	119	+1	Q8c	1.4	4.2
125	63	BH South 50c	117	+1	—	—	—
820	150	Central Pacific	600	+70	—	—	—
245	148	Conzinc RioTinto 50c	236	+6	Q10c	2.2	2.6
72	48	G.M. Kalgoorlie $1	52				
138	81	Hampton Areas 5p	138	+4	1.45	4.1	1.6
40	10	Metals Ex. 50c	32	+1½	...	..	.
220	125	M.I.M. Hldgs. 50c	201	+3	Q9c	1.7	2.8
39	10	Mount Lyell 25c	30		—	—	—
6½	1½	Newmetal 10c	4½	..	—	—	—
143	79	North B. Hill 50c	126		Q8c	1.5	3.9
16	8½	Nth. Kalgurli	14	+½	—		
173	117	Oakbridge $A1	166	.	†Q11c	1.9	4.1
50	30	Pacific Copper	46	..	—	—	—
£13⅞	750	Pancont'l 25c	£13¾	−¼	—	—	—
40	12	Paringa M&Ex 5p	40	+1½	..		.
558	310	Poko-Wallsend 50c	518	+26	Q15c	4.0	1.8
300	50	Southern Pacific	220	+25	—	..	..
160	84	Westn. Mining 50c	154	+3	‡Q6c	1.4	‡
70	35	Whim Creek 20c	50	.....	—	—	—

TINS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
30	24	Amal. Nigeria	25		†2.51	1.6	15.2
365	240	Ayer Hitam $M1	360	−5	[illegible]	0.9	[illegible]
60	45	Beralt Tin	53		3.75	4.4	11.[illegible]
295	200	Berjuntai $M1	290	−5	‡Q110c	φ	[illegible]
145	111	Geevor	135	+3	h4.51	3.4	5.1
10	8½	Gold & Base 12½p	9½	.	—	—	—
295	220	Gopeng Cons.	295		15.0	0.9	7.8
165	130	Hongkong	160	−5	—	..	..
93	78	Idris 10p	85	−5	12.0	1.6	22.6
11	10	Jantar 12½p	10	.	—	—	—
76	68	Kamunting $M0.50	76		‡Q15.5	0.7	4.4
510	450	Killinghall	490	−20	Q125	φ	27.4
410	280	Malay Dredging $M1	405	−5	†Q95c	0.8	5.0
70	40	¶Pahang	69	..	‡Q3.75c	0.5	[illegible]
62	50	Pengkalen 10p	61		6.5	1.3	16.1
225	165	Petaling $M1	215	−10	†Q80c	1.6	8.5
61	49	Saint Piran	49	..	‡1.99	4.6	6.2
61	47	South Crofty 10p	59	+1	4.13	φ	11.1
220	140	South Kinta $M0.50	210	−10	†Q77.5	1.4	8.0
315	230	Sthn. Malayan $M1	310	−5	†Q51.5	1.1	9.1
228	134	Sungei Besi $M1	228xd	+8	Q65c	φ	6.1
78	55	Supreme Corp. $M1	78	+3	ZQ10c	—	2.8
100	85	Tanjong 15p	92		6.5	0.8	10.7
100	74	Tongkah Hrbr. $M1	92	−4	[illegible]	1.6	[illegible]
220	148	Tronoh $M1	220	.....	‡Q88c	1.6	8.6

COPPER

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
100	70	Messina R0.50	87	.....	‡Q30c	1.9	‡

MISCELLANEOUS

1978 High	Low	Stock	Price	+ or −	Div. Net	Cvr	Yld Gr's
61	35	Barymin	55	.....	—	—	—
17	9	Burma Mines 17½p.	14	.	—	—	—
300	220	Cons. Murch. 10c	270	+5	‡Q30c	2.6	‡
465	245	Northgate C$1	410	−10	—	—	—
234	164	R.T.Z.	217	+2	9.5	2.8	6.6
90	30	Sabina Inds. C$1	62	...	—	—	—
£12	750	Tara Explm. $1	900	−175	—	—	—
45	43	Tehidy Minerals 10p	43	.....	1.33	φ	4.7
180	120	Yukon Cons. C$1	169	......	Q7c	2.9	2.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- ▲ Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ¢ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ‡ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend: cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ☆ Regional price.
- ǁ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend, cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1979-80. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1978-79. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1979. P Figures based on prospectus or other official estimates for 1978-79. Q Gross. T Figures assumed. Z Dividend total to date. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 38

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	23	.....
Ash Spinning	45	.....
Bertam	21	.....
Bdg'wtr. Est. 50p	267	.....
Clover Croft	26	.....
Craig & Rose £1	475	+30
Dyson (R. A.) A.	37	.....
Ellis & McHdy.	61	....
Evered	17½	.....
Fife Forge	50	.....
Finlay Pkg. 5p	29½	.....
Graig Ship. £1	140	....
Higsons Brew.	75	....
I.O.M. Stm. £1.	150	...
Holt (Jos.) 25p	263	....
N'thn. Goldsmith	57	....
Pearce (C. H.)	165	.....
Peel Mills	20	.....
Sheffield Brick	45	.....
Shell. Refrshmt.	52	....
Sindall (Wm.)	103	+1

IRISH

Conv. 9% '80/82	£90½	+⅛
Alliance Gas	70	−3
Arnott	337	...
Carroll (P.J.)	95	.....
Clondalkin	96	−2
Concrete Prods.	132	+2
Heiton (Hldgs.)	40	...
Ins. Corp.	148	.....
Irish Ropes	130	.....
Jacob	64	.....
Sunbeam	30	....
T.M.G.	175	.....
Unidare	90	.....

OPTIONS
3-month Call Rates

Industrials					
A. Brew	6½	I.C.I.	20	Tube Invest.	30
A.P. Cement	18	"Imps"	6	Unilever	35
B.S.R.	9	I.C.L.	20	Utd. Drapery	7½
Babcock	11	Inveresk	8	Vickers	15
Barclays Bank	25	KCA	3	Woolworths	5
Beecham	35	Ladbroke	17	**Property**	
Boots Drug	15	Legal & Gen.	14	Brit. Land	3¼
Bowaters	16	Lex Service	7	Cap. Counties	4½
B.A.T.	24	Lloyds Bank	22	E.P.	5
British Oxygen	6	"Lots"	4	Intereuropean	4
Brown (J.)	20	London Brick	5	Land Secs.	16
Burton 'A'	12	Lonrho	5	MEPC	12
Cadburys	5	Lucas Inds.	25	Peachey	8
Courtaulds	10	Lyons (J.)	10	Samuel Props.	9
Debenhams	8	"Mams"	7	Town & City	1¼
Distillers	15	Mrks. & Spncr	10	**Oils**	
Dunlop	7	Midland Bank	25	Brit Petroleum	45
Eagle Star	11	N.E.I.	12	Burmah Oil	5
E.M.I.	14	Nat. West. Bank	22	Charterhall	3
Gen. Accident	17	Do. Warrants	10	Shell	28
Gen. Electric	18	P & O Dfd.	8	Ultramar	20
Glaxo	40	Plessey	8	**Mines**	
Grand Met.	9	R.H.M.	5	Charter Cons.	12
G.U.S. 'A'	20	Rank Org. 'A'	18	Cons. Gold	14
Guardian	18	Reed Intnl.	12	Rio T. Zinc	16
G.K.N.	22	Spillers	3		
Hawker Sidd.	20	Tesco	4		
House of Fraser	12	Thorn	22		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Tuesday July 4 1978

Airlines in doubt on IATA fares proposals

By Michael Donne, Aerospace Correspondent

MANY OF the world's larger airlines remain uncertain as to the immediate future of the International Air Transport Association (IATA) and its fares-fixing policies after last weekend's meeting in Montreal at which they voted by a two-thirds majority for big changes in the association's activities.

The changes involve greater freedom internationally in setting passenger fares, cargo rates and standards of cabin service. Many airlines, especially the medium-sized and smaller airlines in the developing countries, still oppose the reforms, which they feel have been foisted upon them by the bigger airlines of the U.S. and Western Europe.

Moreover, no IATA members know what the reactions of their governments will be. Some, such as the U.S. Government, have been increasingly hostile to the IATA in recent months and will probably welcome any changes that give U.S. airlines greater freedom to compete.

Others may feel that the changes go too far and remove much of the protective umbrella that IATA has afforded their airlines. Settling the differences of view between airlines and governments will take many months of arguing.

No fixed date

Some airlines attending the Montreal meeting say they did not know in detail what was being proposed until they reached the conference chamber. Others are suggesting that the changes, proposed by a five-man task-force of the IATA executive committee headed by Mr. Claude Taylor, president of Air Canada, are much too far-reaching, and need further examination.

No date has been fixed when the decisions should take effect. At best, the IATA has until November, when its next annual meeting is due in Geneva, to work out the details of the proposed changes and submit them to member airlines and their governments for approval.

What is clear is that changes are not going to be rapid. Existing fares, cargo rates and cabin service rules will remain in force for the rest of this summer and probably well into winter.

Gormley attacks Tory report on mines

BY CHRISTIAN TYLER, LABOUR EDITOR

THE Conservative Party's search for detente with the trade unions before a general election was given an inauspicious start yesterday by the miners union.

Opening the National Union of Mineworkers conference at Torquay, Mr. Joe Gormley, Union president, seized on a leaked report by Mr. Nicholas Ridley the Conservative MP for Cirencester, advocating denationalisation of profitable coal mines as evidence of the Conservatives' true intentions.

He charged them with making unions out to be ogres ready to throw out a government at the slightest opportunity. It was the miners strike that led to the fall of the Heath government in 1974.

Mr. Gormley, opening the conference, exposed as a pre-election gamble the Prime Minister's announcement last week that wage restraint will be the order of the day, with or without open trade union support.

Speaking of the frustrations caused by three years of pay guidelines, Mr. Gormley said: "We will not be frustrated in the next round of wage negotiations. We shall negotiate and oppose anybody who stands in the way of us having the ability to negotiate on behalf of our members.

"It is not a warning; it is not a threat. It is just a statement of fact."

Today the conference looks set to back a South Wales motion calling for £110 a week for top-rated coalface workers, compared with £78 at present. The union's executive last night decided to support this claim, but oppose a Yorkshire demand for £6,500 a year.

It fell yesterday to Dr. David Owen, Foreign Secretary, to try on behalf of the Government to budge the miners from their clear intention, which they will report at the TUC Congress in September, to fight the principle of a Stage Four earnings limit.

Dr. Owen appealed to the delegates to stick close to Labour at this critical juncture. He reminded them of the huge investment in their industry, urged them to be mindful of workers without their industrial muscle, and asked for "sensible restraint in wage bargaining."

Mr. Gormley asked the conference to treat seriously the Conservative threat to break up the state coal industry, and warned that there would be "not one knob of coal produced if they make any attempt to implement the policies that are being talked about."

His warning came on the eve of a Commons debate in which the Conservatives plan to attack Labour's record on employment.

At the weekend Mrs. Thatcher met senior colleagues to prepare her party's defence against the charge that it cannot work with the unions.

The Tories are vexed that the conciliatory official line is not being reflected in union leaders' public statements. Their difficulty is that the unions see Mr. Prior as only disguising the hard-line policies of Mrs. Thatcher and Sir Keith Joseph.

Mr. Gormley said of the Tories: "Whatever the outcome of the General Election, they have not a cat in hell's chance of breaking up this nationalised coal industry.

"We have these statements being made constantly deploring the strength of the trade unions, indicating that the trade unions are some great beasts which have been created by somebody, instead of realising that all the unions are comprised of people."

Reksten needs aid to pay Hambros interest

BY FAY GJESTER IN BERGEN AND CHRISTINE MOIR IN LONDON

REKSTEN, the shipping company at the centre of a tussle between Hambros Bank and the Norwegian authorities, has confirmed in Bergen that without continuing support, it will be unable to meet the interest on its borrowings, let alone repay the capital, until well into the 1980s.

Shareholders were told in Bergen on Friday that the main subsidiary, Trajan, had losses of Nkr 232.6m (£23.5m) last year, exactly double those of 1976. The other trading company, Hadrian lost Nkr 92.3m (£9.4m) compared with Nkr 79.5m (£8m) lost in 1976.

Reksten has borrowings believed to be in excess of £50m from Hambros Bank, the interest on which is guaranteed until 1979 at present by the Norwegian Guarantee Institute for Shipping. The Institute is trying to persuade Hambros to accept a reduction in those guarantees.

While this negotiation continues in Oslo Mr. Johan Reksten, who takes over as chief executive from his father, 81-year-old Mr. Hilmar Reksten, confirms that the company will need outside support well beyond 1979.

He anticipates low freight charges over the next three years, which will leave the company unable to meet interest charges until 1981 at the earliest. However, by 1981 rates should have statrted to rise again, he believes, and between 1982 and 1987 earnings should have risen sufficiently to permit debt repayment in full.

On the Worldscale Index which measures charter income from tankers, Reksten is achieving only 25 on the ships it has not laid up. It needs to reach 68 to cover operating costs, interest and capital repayments. In 1973 the Index peaked at over 400.

At a rate of 170, however, Reksten would be able to cover full costs, including repayment of debt capital, in one year.

Mr. Reksten is thought in London to be relying on this steep gearing benefit — and on the disappearance of the tonnage surplus — in making his post-1982 forecast. He stressed, at the shareholders' meeting however, that the forecast was made at the request of the Guarantee Institute.

Meanwhile, the news is a double blow for Hambros, whose preliminary figures are due out on Friday. The Bank has a 10 per cent stake in Trajan, which in turn owns 62 per cent of Hadrian.

Owen will not appear at Lords committee

By Maurice Samuelson

Dr. David Owen, the Foreign Secretary, has refused to appear before the Lords select committee dealing with legislation to counteract the Arab boycott. The committee in turn has refused an offer that he be represented instead by a junior Minister.

As a result, there will be no witnesses at today's meeting of the committee examining the Foreign Boycotts Bill, modelled on recent U.S. legislation.

The Foreign Office explained last night that Dr. Owen was too busy to attend and that other Government officials had already given the committee, under Lord Redcliffe-Maud, a lot of evidence. It was also pointed out that the Department of Trade "leads" on the boycott question and that Mr. Edmund Dell, the Trade Secretary, had not yet been invited.

After the committee had rejected his counter-offer to send a junior Minister—thought to be Mr. Frank Judd, Minister of State—Dr. Owen had then offered to reply in writing to questions from the committee.

Dr. Owen's refusal is bound to be seen as further evidence of the Government's lack of enthusiasm for the Bill, sponsored by Lord Byers, the Liberal peer.

The Government made clear, in the Second Reading of the Bill, that it had no intention of introducing legislation itself on the matter. Department of Trade officials also told an earlier meeting of the committee that £2.5bn of UK exports to the Arab world would be at risk if the Bill became law.

Next Tuesday, the committee will travel to Brussels to meet members of the European Commission.

There will be no further hearings however, and the committee is expected to present its report on the advisability of legislation by the end of August or beginning of September.

Tanzania to compensate Lonrho

Financial Times Reporter

THE Tanzanian Government has agreed to pay Lonrho £1.054m for the Central Line Sisal Estates which it nationalised in 1967. The settlement, announced by Lonrho yesterday, comes a month after Tanzania stated its intention of expelling Lonrho entirely from the country because of the trading company's activities in southern Africa.

In its expulsion notice Tanzania said that Lonrho had to sell its other interests in the country (chiefly motor distribution and tea) to the Government within three months and at a price acceptable to the Government.

THE LEX COLUMN

Debt versus dividends

Three troubled giants of British industry publish their annual reports today; Reed International, J. Lyons and Spillers together represent some £385m of tangible shareholders' funds supporting a £750m debt mountain. Even at their present meagre equity market capitalisations they amount to a substantial risk investment by the institutions which are also likely, in due course, to be asked to put up substantial further new capital if the recoveries proceed at all smoothly. Yet the striking point is that the involvement by the institutions in the management of these concerns appears to have been minimal; and where concern has been directly expressed, it has concentrated very much on the question of dividends.

It is arguable whether, in present circumstances, any of these companies should be paying dividends. In fact Reed cut its final, to give 8p net for the year against 13p, and Spillers followed the same path to give a roughly halved total of 1.35p. What gained Lyons special notoriety was its decision to pass the final altogether, leading to a drop in the total from 7.57p to 2.07p a share.

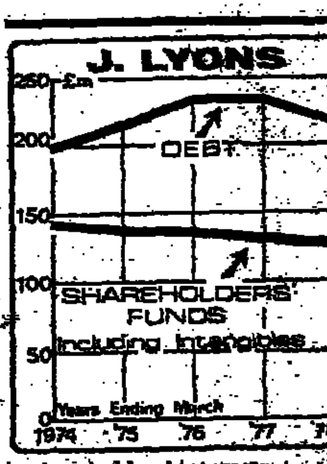
What has ruffled feathers is that Lyons has promised a swift restoration of the payout if profits improve reasonably well this year (as they show signs of doing). Rather than see dividends yo-yoing, many institutions would prefer the payments cut to a level which could be sustained through thick and thin. But ordinary shares, the textbook says, are risk investments. The contradiction is that unit trusts are buying heavily into these high-risk situations—the M and G group has close on 15 per cent of Lyons—but are unwilling to let managements use risk capital as a cushion.

Here, short-term performance considerations are clashing with long-term recovery strategies.

Auditors

The Rediffusion affair provides further evidence that the medium-sized accounting firms are at last waking up to the threat of the Big Eight. Coming after Pannell Fitzpatrick's successful campaign to remain in the audit seat at Barker and Dobson and the less successful stand taken at Howard Tenens it suggests that the quiet audit resignation may become less common in future. This is desirable and very much

Index fell 2.7 to 458.1



in shareholders' interests.

However, it is not entirely clear what lies behind the implied claim by Binder Hamlyn and Fryer Whitehill, Rediffusion's existing auditors, that they are likely to be more independent than Deloitte Haskins and Sells, the firm which audits the group's holding company, British Electric Traction. The suggestion appears to be that the interests of the 6,700 minority ordinary shareholders (and the 270 preference shareholders) can be better served by auditors not having a separate contract with one of their number. Though this has a certain theoretical nicety, it conflicts with the overall needs of the BET group for an effective audit.

The existing auditors might have a case if there was any suspicion that Rediffusion's minority shareholders were being oppressed. As it is there does not appear to be much opportunity for BET to take unfair advantage of Rediffusion as there is said to be very little inter-company trading and no management changes. If the existing auditors think otherwise they should say so.

Mercury Securities

Although S. G. Warburg raised its contribution from £7.98m to £8.63m after tax, this was not enough to prevent its parent Mercury Securities registering a fall in profits which have eased, net of minorities and tax, from £8.61m to £8.07m. The major problem area has been metals, where Brandeis Golschmidt was badly hit by the decline in prices and the weakness of volume. Moreover the group lacked last year's contribution from the advertising agency, now sold, and the gap does not appe[ar to] have been made up elsewh[ere].

Warburg apparently [...] some benefit from dabbli[ng in] the gilt-edged market last [...] though not on the scale of [...] of the other merchant [...] Meanwhile pure banking [...] through a very compe[titive] period, but Warburg's em[phasis] on fee earning activities [...] advantage and most areas [have] been reasonably busy; the[re has] been a flat trend, howev[er, at] the Paribas associate. At [...] where the yield is 5.5 per [...] the shares are sustained [...] payout potential implied [...] cover which, in spite o[f a] slight setback, is still ove[r ...] times.

Assoc. Newspapers

A rise of £3.5m to £15.[...] the preliminary pre-tax [...] of Associated Newspapers [...] roughly £1m better tha[n the] stock market expected but [...] the paucity of informatio[n pro]vided by the company this [...] not mean very much. The [...] bulk of the improvement [...] from trading profits, [...] associated companies and i[nvest]ment income chipped i[n an] extra £0.3m. However, [...] debiting an unexplained [...] extraordinary item, ret[ained] profits are nearly 10 per [...] lower.

Associated Newspapers [...] never quantified the loss[es of] the Evening News, but [...] analysts reckon that they [...] well still be running as [...] as £5m per annum althoug[h the] decline in circulation appea[rs to] have been halted. Against [...] the Daily Mail has increase[d its] circulation by around 5 per [...] and buoyant advert[ising] revenues have obviously he[lped] here as they will have don[e ...] the highly profitable provi[ncial] newspapers. In addition, [...] depreciation of the Cana[dian] dollar will have cushioned [...] print costs.

Until the full report [and] accounts are published, i[t is] impossible to know how [...] the newspaper side contribu[ted,] but if the losses at the Eve[ning] News are running at anyt[hing] like the figures bandied ab[out] there is clearly plenty of [re]covery potential. The o[ther] mystery is the contribu[tion] from Assoc. Newspapers' s[take] in the Argyll oil field, w[here] production was virtually [non]existent during the first qu[arter] of this year. At 170p, the g[roup] is capitalised at £52m, [...] below its net worth, and [the] shares yield 5.2 per cent.

Fishing industry attacks Silkin

BY RICHARD MOONEY

THE GOVERNMENT'S measures to protect fish stocks, announced yesterday, failed to satisfy the fishing industry.

Mr. John Silkin, the Agriculture and Fisheries Minister, who is engaged in talks with the Norwegians in Oslo, came under fire from the British Fishing Federation for being "a little too gentlemanly."

The federation's criticisms stem from Mr. Silkin's statement, in a written Commons answer, that he was only considering imposition of a "one-net rule" to prevent illegally high catches. This would restrict vessels to carrying nets of a single mesh size within Britain's 200-mile coastal zone.

The industry had expected him to announce a decision to impose such a rule.

At present vessels may carry as varied a selection of nets as they wish. If industrial (fishmeal) fishers illegally take large by-catches of human-consumption species with their small-meshed industrial nets, they can explain such catches away more easily when they carry a range of larger-mesh sizes.

If they carried only small-meshed industrial nets, this excuse would not be possible.

Two other expected measures were included in Mr. Silkin's package, banning of herring fishing off the West Coast of Scotland, with the exception of the Clyde stock, from July 6; and extension from October 1 to March 31 of the eastern boundary of the "Norway pout box," an area off the east coast of Scotland within which industrial fishing is prohibited.

The Minister announced a reduction in the permitted by-catch of protected species in industrial fisheries from 20 per cent to 10 per cent from July 11.

"The EEC Commission's approval may be sought for further measures considered to be necessary for the conservation of UK fish stocks.

"In this context the Government is considering the need to strengthen existing provisions on the enforcement of the minimum mesh-size regulations, including carriage of nets of more than one mesh size and the need to regulate herring fishing in the Irish Sea."

Editorial comment, Page 18

Rediffusion board proposes audit change

BY MICHAEL LAFFERTY

A DISPUTE has broken out at Rediffusion, the quoted television rental group in which the British Electric Traction Company has a 58 per cent stake, over the directors' plan to appoint new auditors.

The Rediffusion move appears to be at least partially a response to pressure from BET's auditors for a greater share of the group audit.

The existing joint auditors, Binder Hamlyn and Fryer Whitehill, have taken the unusual step of objecting to the Rediffusion board's proposals to appoint Deloitte Haskins and Sells, auditors of BET in their place.

They will set out their reasons in a statement in the company's annual report due to be posted to shareholders today. Essentially, this amounts to saying they are more independent than Deloitte Haskins and Sells is likely to be because of its responsibility for the BET audit.

Both the joint auditors say they are taking this action as a matter of principle. They claim there is a big difference between a holding company's appointing its own auditors to a wholly-owned subsidiary and the case of a company like Rediffusion where there is a significant minority group.

Mr. Peter Lane, a partner in Binder Hamlyn, said the statement was being made because the auditors wanted all the Rediffusion shareholders "to be fully informed before approving the change." "We are willing to continue," he added.

Mr. Brian Worth, senior partner of Fryer Whitehill, a firm involved in the Rediffusion audit for 50 years, claims there is no immediate advantage to the company in making the audit change. Of Rediffusion's £217,000 audit fee only £32,000 goes to Fryer Whitehill and a further £40,000 to Binder Hamlyn. The rest relates mainly to overseas audits.

Mr. Murray Charlton, a partner in Deloitte Haskins and Sells, denied any suggestion that his firm was not as independent as it ought to be in relation to Rediffusion's audit. "We do not see that there is a case to answer."

It was Deloitte's policy, where it was an auditor of a holding company, to audit at least 50 per cent of the group assets and profit, he said. It is understood that at present the firm has less than 45 per cent of the BET audit work.

A spokesman for BET said he did not mind pointing out that the proposed change of auditors had not eminated from BET. It was a Rediffusion board decision, he stated.

Italy to repay Bundesbank loan early

BY DOMINICK J. COYLE

ROME, July 3.

THE BANK of Italy is repaying ahead of schedule the remaining $1bn (£543m) of a $2bn bilateral gold-backed West German Bundesbank facility granted in 1974.

The original loan, for which the gold backing has been adjusted periodically in line with movements in the free market price, was renewed in September, 1976, when the Italian authorities were struggling in the aftermath of an inconclusive general election to stabilise the lira exchange rate after a sharp devaluation.

The 1974 bilateral agreement between the Bank of Italy and the Bundesbank committed 16.6m ounces, or roughly one-fifth of the country's total gold reserves. The loan, subject to six-monthly renewals over two years, was at the equivalent of the interest rate on 180-day U.S. Treasury Bonds.

Italy made an initial $500m repayment in 1976 and a similar amount was returned to the Bundesbank in March of this year. The original schedule for the remaining $1bn provided for half of the sum to be repaid next September and the balance in March 1979.

A brief statement from the Bank of Italy this evening said that the Bundesbank was being asked to accept the premature repayment of the outstanding $1bn, but it made no reference to the possibility—which has been discussed unofficially here—that the Italian authorities might seek to replace the expiring facility with a new standby agreement for an equal sum.

Italy's foreign currency reserves, run down to a dangerously low level ($780m) in an attempt to defend the lira exchange rate in the 1976 crisis before the market was temporarily shut down, have risen steadily over the past 12 months to stand at some $9bn at the end of last month.

The sharp improvement stems from a number of factors, including a marked reduction in the crude trade deficit last year, mainly through lower imports because of the recession, a dramatic improvement in earnings on the invisibles account, notably tourist receipts and emigrant remittances, and extensive recourse to foreign funding by commercial banks.

● Provisional trade figures released today show a deficit in May of L299bn (£187m). There was a small surplus the previous month of L11bn, and a deficit in May, 1977, L473bn.

● Italy has made the second of its four quarterly repayments of FFr 574m (£68m) to France under the medium-term credit that was granted in the framework of an EEC financial aid agreement arranged in December, 1974.

Weather

COOL. Showers in S. England. More rain elsewhere.

London, S.E., Cent. S., S.W. England, Midlands, Channel Isles

Showers, sunny intervals. Max. 16C (60F).

E. Anglia, E. England

Rain at times, some heavy. Max. 15C (59F).

Wales, N.W., Cent. N. England, Isle of Man, S.W. Scotland, Glasgow, N. Ireland

Frequent showers, some heavy. Wind N. to N.W., strong, locally gale. Max. 14C (57F).

N.E. England, Borders, Edinburgh, Dundee, Aberdeen, Cent. Highlands, Orkney, Shetland, Argyll, N.W. Scotland

Frequent showers, some heavy. Wind N., strong or gale. Max. 11C (52F).

Outlook: Little change.

BUSINESS CENTRES

		Y'day midday °C	°F			Y'day midday °C	°F
Amstdm.	R	14	57	Madrid	S	29	84
Athens	S	30	86	Manchestr.	C	12	54
Bahrain	C	31	88	Melbourne	R	11	52
Barcelona	S	22	72	Milan	F	26	79
Beirut	S	29	84	Montreal	C	19	67
Belfast	C	11	52	Moscow	C	24	75
Belgrade	F	24	75	Munich	C	21	70
Berlin	R	19	66	Newcastle	R	13	55
Brmghm.	R	13	55	New Delhi	C	29	84
Bristol	R	12	54	New York	C	21	70
Brussels	C	16	61	Oslo	R	15	59
Budapest	F	25	77	Paris	C	17	63
B. Aires	C	15	59	Perth	C	16	61
Cairo	S	34	93	Prague	C	18	64
Cardiff	C	13	55	Reykjavik	S	13	55
Chicago	C	19	67	Rio de J'o	S	26	80
Cologne	C	17	63	Rome	F	24	75
Copnhagn.	F	16	61	Singapore	R	27	81
Dublin	R	12	54	Stockholm	F	21	70
Edinburgh	C	12	54	Strasbrg.	C	20	68
Frankfurt	R	19	66	Sydney	R	13	55
Geneva	C	21	70	Tehran	S	28	82
Glasgow	C	14	57	Tel Aviv	S	28	82
Helsinki	F	19	66	Tokyo	C	29	84
H. Kong	S	30	87	Toronto	C	20	68
Jo'burg	S	21	70	Vienna	C	22	72
Lisbon	S	31	88	Warsaw	C	21	70
London	F	16	61	Zurich	C	20	68
Luxemb'g	R	14	57				

HOLIDAY RESORTS

Ajaccio	S	22	72	Las Plms.	F	21	70
Algiers	S	25	77	Locarno	F	23	73
Biarritz	S	20	68	Majorca	F	23	73
Blackpool	C	12	54	Malaga	S	24	75
Bordeaux	C	17	63	Malta	S	25	77
Cape Town	S	20	68	Nairobi	S	20	68
Corfu	S	26	79	Naples	F	25	77
Dubrovnik	S	24	75	Nice	S	22	72
Faro	S	26	79	Nicosia	S	31	88
Florence	C	23	73	Oporto	S	23	73
Funchal	S	22	72	Rhodes	S	29	84
Gibraltar	S	21	70	Salzburg	F	21	70
Guernsey	F	14	57	Tangier	S	28	82
Innsbruck	F	21	70	Tenerife	F	14	57
Inverness	C	11	52	Tunis	S	27	81
I.of Man	R	10	50	Valencia	S	26	79
Istanbul	F	27	81	Venice	S	25	77
Jersey	F	15	59				

S—Sunny. C—Cloudy. F—Fair. R—Rain.

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